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WORLD BANK CREDIT FOR \$258 MILLION SECURED

Bogota EL TIEMPO in Spanish 2 Jun 84 p 4-C

[Article by Carlos Pineros]

[Text] Yesterday Colombia secured four loans from the World Bank amounting to US \$258.5 million, to be used for public works, coffee diversification, and small industry, and it will receive external credit disbursements of US \$700 million in 1984.

The receipt of this US \$700 million and the renegotiation of a similar amount owed to international banks by large firms in the private sector will be the first springboards helping to save Colombia from a dangerous deterioration of its reserves.

A government mission returned from Washington yesterday with an encouraging report stating that all four draft agreements for the credits were negotiated and agreed to with satisfaction on both sides. During the next 2 months the "finishing touches" related to signatures and secondary arrangements will be completed.

The credit operations are as follows:

1. US \$18.5 million for the expansion and improvement of the Cucuta aqueduct;
2. US \$40 million to the Bank of the Republic, to be used to promote small and midsize industry;
3. US \$150 million for the Rio Grande project in Antioquia, and energy and aqueduct services to be provided by Medellin Public Enterprises;
4. US \$50 million for the National Federation of Coffeegrowers, intended for crop diversification in coffee-producing areas. This is designed to

control the expansion of coffee and to increase the cultivation and supply of fruits and other foods. It also includes the development of animal production.

The delegation was led by Jorge Serpa, director of public credit at the ministry of finance; Jorge Cardenas Gutierrez, manager of the National Federation of Coffeegrowers; and the former minister and manager of Medellin Public Enterprises, Diego Calle Restrepo.

Other members of the delegation were: Hugo Valdes, director of projects for the Federation of Coffeegrowers, and Tatiana Aristizabal, deputy financial director of Medellin Enterprises.

The execution of these projects will also open up new sources of jobs and production.

The World Bank had already approved a credit of US \$370 million for the FEN [National Electricity Financing Enterprise]. The government is moving ahead in its dealings with commercial banks, from which it hopes to obtain US \$350 million this year.

According to calculations provided by the ministry of finance, this year Colombia will receive disbursements of US \$170 million for the FEN, US \$80 million from the four credits listed above, and US \$350 million from commercial banks.

This financial boost is coming at a time when Colombia's reserves stand at US \$2.2 billion, and foreign currency income is lower than its outflow. This could endanger Colombia's external situation, entailing very serious risks.

7679

CSO: 3348/456

SPAIN TO PURCHASE MORE COAL FROM EL CERREJON

Bogota EL TIEMPO in Spanish 4 Jun 84 p 2-B

[Article by German Navarrete]

[Excerpt] Valledupar, Guajira, 2 Jun--In order to promote Colombia's economic recovery, the INI [National Institute of Industry] of Spain will buy more coal from the Central Cerrejon project, which is being worked by the binational consortium, Domi-Prodeco-Auxini. In conjunction with CARBOCOL [Colombian Coal Company, Inc], it is studying the mining of 5 million tons of coal a year, starting in 1985, in order to achieve this objective.

This was reported to EL TIEMPO by the consortium's general manager, Fernando Blanco Tirador, while discussing the actions taken in association with the group's president, Juan Antonio Ferrando Lopez-Cordon, to prepare for a visit to Colombia by the INI's director general, Javier Vega De Seoane, accompanied by the president of DOMI [Development of Mining Operations], Antonio Arciniega, in July.

To date the Colombian-Spanish consortium, Domi-Prodeco-Auxini, has extracted approximately 1 million tons of coal from the Central Cerrejon, which the Colombian government, through CARBOCOL, has sold to the Guajira thermoelectric plant, to Spain, and to Puerto Rico. This sale has earned foreign currency for Colombia, while Colombia has not had to spend a penny before mining the ore, as the economic risk is borne 100 percent by the consortium.

Beginning in September 1984, there are plans to mine 1,500,000 tons a year, but Spain's National Institute of Industry and CARBOCOL are analyzing ways in which to boost this production up to 5 million tons a year, in order to accelerate the flow of foreign currency into Colombia by this coal sale to the international market, while at the same time providing more jobs for the people of Guajira.

Contracts of 90 Million Pesos to Colombian Industry

Since 1980 Domi-Prodeco-Auxini has invested \$28 million in coal mining machinery in the Central Cerrejon, and during this period it has subcontracted work amounting to 90 million pesos to Colombian industry, for the purchase of parts and tools, and for the provision of various types of services, including food and guard services, etc., primarily in the Guajira area, in order to promote the region's development.

The operating contract signed by the consortium and CARBOCOL provides for the extraction of coal during a 10-year period. The satisfactory results of the mining operation to date, combined with the excellent quality of the coal, have led them to consider the extraction of 5 million tons a year starting in 1985, making it possible to mine 50 million tons during the lifespan of the contract.

At the conclusion of the contract and the withdrawal of the Spanish firms from the consortium, CARBOCOL will remain the owner of modern machinery evaluated at about \$50 million, and its Guajiran staff will have acquired experience with technology that CARBOCOL will use in its future mining projects.

7679

CSO: 3348/456

CUBA, MEXICO SIGN \$400 MILLION AGREEMENT

Havana GRANMA WEEKLY REVIEW in English 3 Jun 84 p 3

[Text]

● HAVANA (AIN). — Cuba and Mexico have signed a 400-million-dollar cooperation agreement in the steel and machine and sugar industry sectors, among others, following talks held here by government leaders and businessmen from the two countries.

Carlos Rafael Rodríguez, vice-president of the Councils of State and Ministers, was present when the agreement was signed by Héctor Rodríguez Llompert, president of the State Committee for Economic Cooperation, and Francisco Labastida Ochoa, minister of energy, mines and parastate industry of Mexico.

The agreement provides for the sale of equipment, including heavy tractors, machine tools, technology transfer and mutual supplies of minerals for a broad range of industries that covers the railroads and the sugar sector.

An important financial agreement supports the industrial protocol, and this was stressed by Labastida, who praised the outcome of the talks. In these times of crisis, he noted, our peoples are obliged to find fuller complementation for their economies using their own forces.

Rodríguez Llompert explained that the agreement also covers the pharmaceutical and transportation sectors and extends to the marketing of complete plants. He added that the document shows that both countries are now on an even more friendly footing and closer than before.

The two delegations confirmed the path of industrial complementation in very important aspects of the economic activities of Mexico and Cuba. This has been given a new boost with the visit of Minister Labastida and there are broad possibilities for its immediate implementation.

CSO: 3200/37

CARIBBEAN GROUP DISCUSSES TECHNICAL COOPERATION

Port-au-Prince LE NOUVEAU MONDE in French 8 Jun 84 p 1, 12

[Text] The eighth session of the Caribbean Committee for Development and Cooperation (CDCC), which opened on Wednesday 6 June at the Castel Haiti Hotel, yesterday began its technical meeting under the chairmanship of Yvon Guirand, director general of the Ministry of Planning. The Haitian representative is assisted by Ramiro Leon Toras [as published], representative of Cuba, first vice president; Joel G. Tony of St. Vincent and the Grenadines, second vice president; and Donatus St. Aimee of St. Lucia, reporter.

The membership of the executive committee was announced to those assembled after a closed meeting of heads of delegations.

In a short address, the president-elect, Yvon Guirand, expressed hope that the work of the eighth session of the CDCC will mark a genuine turning point in the cooperation among the Caribbean countries.

After the general presentation by the secretariat on organization of the proceedings, the delegates approved the agenda: implementation of the work program since the seventh session in January 1983; draft work program for the 2-year budget period 1986-1987; actions relating to the resolutions approved at the sixth and seventh sessions; resolutions of the Economic Commission for Latin America (CEPAL) with impact on the CDCC; admission of the British Virgin Islands and the American Virgin Islands as associate members of the CDCC; various issues; place and date of the ninth CDCC session; and examination and approval of the report. Proceedings during yesterday's day session included various presentations by the secretariat on technical cooperation among developing countries, including cooperation in information fields (computers), statistics, science and technology, planning, and elimination of linguistic barriers between the CDCC member states. Other topics raised concerned the agricultural, social, education and culture sectors, in regard to which the delegates expressed the high concern of their respective governments. The presentation by the representative of the Latin American Institute of Economic and Social Planning (ILPES) also drew the attention of the delegations, particularly in regard to the announcement of increased ILPES activities in the Caribbean region.

Among the presentations on the first day of the proceedings, we should note that of the Haiti delegation, which, in regard to the social, education and cultural fields, underlined the importance that the government of the republic attaches to youth. Max Antoine Jr proposed, among other things, regular

exchange of students among the various Caribbean universities, use of audiovisual education in regions with high illiteracy rate, and granting of scholarships. He also noted Haiti's desire to share with its Caribbean partners the results of the interesting technical projects being urgently pursued at the Faculty of Medicine and Faculty of Agronomy of Port-au-Prince. Finally, he stressed Haiti's availability as a site for meetings, folklore presentations, art exhibits, etc. in order to strengthen the cultural ties among the Caribbean peoples. The Haitian delegation's proposals were attentively received by the CDCC secretariat and the delegations.

Today, the CDCC will examine other points in the document on implementation of the work program and will continue study of the meeting's agenda.

These discussions precede the ministerial-level meeting to be held Monday and Tuesday 11 and 12 June, to be attended by the executive secretary of the Economic Commission for Latin America (CEPAL), Enrique Iglesias; several Caribbean ministers; and the permanent secretary of the Latin American Economic System (SELA), Sebastien Alegrett. His Excellency Jean-Robert Estime, the Haitian minister of foreign affairs, will be the chairman of that meeting.

9920

CSO: 3219/26

TEXT OF V.C. BIRD'S POST-ELECTION SPEECH TO THE NATION

St Johns THE WORKERS VOICE in English 16 May 84 p 4

[Text] Following the April 17th General Elections, Prime Minister the Rt Honourable V.C. Bird addressed the nation. The following is the full statement made by Prime Minister Bird:

On behalf of the Labour Party and myself I express great gratitude for the support you gave us at the polls.

The result of the General Election is a clear demonstration of the confidence which the people have in the Antigua Labour Party. It is also a rejection of the opposition groups and all their scandalous allegations. It is a re-affirmation that the people want the stability which they have always enjoyed under a Labour Government.

Like you, I hope that those who sought to create discord and confusion in our society, now understand that this country has turned its back on those undesirable and unrewarding conditions. We want a country committed to democracy. We want a country constructed on a foundation of nationalism, we do not want communist adventurism. We are not prepared to encourage anyone who seeks to change our way of life or alter the things we believe in.

The Labour Party has been given an overwhelming mandate: It is message to all, politician and non-politician, priest and layman, businessman and workers, that the country is firmly putting past differences behind it and looking forward to steady development and progress without a repetition of the constant mischief we are accustomed to observe.

The Labour accepts the people's mandate and pledges to meet its obligations and honour the trust which has been given to it. We should recall that for 20 years up to 1971, this administration alone runs the affairs of state and the country prospered. Our people were united, not divided; our country was whole, not fragmented, we were one social community, not several selfish entities.

It is to such unity we must now look forward; it is for such community we must now work; it is one country, whole and inseparable, we must now build.

As we set ourselves to the task of bringing greater economic prosperity to our country, each of us must be mindful of our individual role. It is a role on which we must each concentrate our efforts. None of us should be deflected by minor jealousies or petty concerns. For a house divided against itself cannot stand and shall surely fall.

Let us, at this time, resolve to work together harmoniously for our own good and for the good of all. We have a unique opportunity to build a strong society on the great unity of purpose shown in the General Election. This large majority, given to the Labour Party indicates that the people are fully supportive of the government. Let us now go forward together so that we can strengthen this unity and ensure that the country never returns to the dark days of division.

Over the next five years, my government intends to build on the foundations we have so carefully laid. Our principle task will be the creation of full employment--the provision of a job for every able-bodied person. Already the projects are at hand to create the jobs we need.

During this week, two contractors were signed with, a local contractor, Cage Enterprises, to build a 360 condominium complex at Runaway Bay, and to expand Antigua Village. The first project at Runaway Bay, formerly Ackerman's and now to be called King's View Club, starts construction immediately and will cost one hundred and fifty million dollars. It will employ over 1,000 persons. The Second project is the construction of another 26 units at Antigua Village. Recently the government sold the Mamora Bay and the new owners are shortly beginning the construction of a huge complex. The new operation will be opened on December 21, 1984 with a staff of 300. The complex will include moorings for up to 150 yachts, a nine-hole golf course, a gymnasium and tennis courts. Recently in London the owners held a reception to launch the Antigua St James Club. The reception was attended by many dignitaries including his Royal Highness, the Duke of Kent.

In addition to these projects, the Jolly Beach Hotel is building 1,000 condominiums, creating another 2,000 jobs. Local investors are also doing their share with the Blue Heron expanding, condominiums being built a-La' barry's have already brought some units on stream at Runaway Bay, construction of the Hodges Bay Club continues and more are under construction and more planned.

This is a demonstration of genuine faith and real confidence in our country's economic prosperity under the Antigua Labour Party.

Apart from the tourist industry, 10 new factories are also about to begin operations. These include an apparel factory which is being financed by two local businessmen, La'barry and Jardin, with outside investors, a new electronics company with investors from Hong-Kong; a chain-link factory at Coolidge, and manufacturing of toilet and bath fittings which is being financed by Dews.

These factories alone will provide another 1,200 jobs.

I mentioned the tangible manner in which we will provide jobs so as to emphasise that my government intends to create full employment; we propose to give a job to every able-bodied person. It is on the basis of such full employment that our programme of social stability and economic prosperity shall flow.

It should be noted that with respect to agriculture, we have been assured by the experts from Jamaica that the sugar factory is fully viable. Recently imported mechanical loaders are now fully operational and this has eased the work in the field. An opportunity now exists for farmers to improve their earnings by planting cane for the factory.

I know that the conditions of drought which we have been experiencing has caused discomfort to many. I deeply regret the ill-advised action of the George Walter administration which, so callously, shut down the desalting plant that the Labour Government left operating, for that plant would have provided water during this drought and our people would have been spared much discomfort. However, we have many friends who have come to our assistance, Canada, the European communities, France, the United Kingdom and the United States of America. In addition, the government of Dominica and Martinique have also offered fresh water. We have to be grateful to our friends, but we also have to be thankful that our country has an administration which is committed to democracy. For without such an administration, I know not what assistance we would have received.

In any event, your government will install a new desalting plant, for our people must not suffer like this again and I am sure that after this we will keep troublesome hands from getting near.

I want you to know that while water is of immediate concern, roads are your government's second priority. The European Economic Community is providing ten million dollars this year for some road construction, but I intend that this government shall scour the world for the funds to establish good roads in every nook and cranny of our country.

We are fortunate that the Labour Government has persons with experience and ability to negotiate in the international community. My Government has had the privilege of supervising this country's development; we had the task of rebuilding it after the dark years of 1971 to 1976; we are honoured to have the opportunity to advance its progress.

I want to give my solemn pledge that we shall be a government that works hard and works in the interest of the people.

Fellow citizens, the future offers much but it is up to us to ensure that we benefit from its opportunities. Our country will only be built by hard work and dedication; our nation will only prosper by the sum of our individual efforts. I call on you to join me in creating a future of plenty for our children by building on the stable foundations of the present. We have it in us to mould a strong nation and a viable country. Let us set ourselves to the task before us.

CSO: 3298/934

ATLU URGES LABOR REFORM, MINIMUM WAGE ON GOVERNMENT

St Johns THE WORKERS VOICE in English 19 May 84 p 1

[Text] The Antigua Trades and Labour Union has called upon the A.L.P. Government to improve and amend a number of Acts pertaining to workers in the country.

Foremost among these is the Minimum Wage Act which the Union feels is outmoded.

This Act was introduced in 1981 and permitted at that time that a Washer/Ironer in a Domestic Household should be paid no less than \$1.25 per hour. Many employers have held on to this and even though some workers have been in their employment for over 5 years, they still pay them the minimum. Office cleaners and messengers are paid \$1.40 per hour, semi-skilled workers \$1.70 per hour, Cashiers etc \$2.00 per hour.

Even the Garment Factories Management continue to pay the minimum wage to workers, and as a result most of the factories are operating below capacity. The Union has pointed out to Government that they intend to build more factories, then in order to attract local workers the minimum wages for such workers should be substantially increased.

Another request made by the Union to Government is for an increase in the negotiation fee; which now stands at \$6.00 for the duration of the Agreement for employees, who do not sign the check off form to have Union dues deducted. Some workers are hiding behind this provision in the Labour Code and have not been paying their dues. The Union request that this figure should be raised to at least \$50.00 per year.

The Minister of Labour under the Act has the authority to vary this figure and then refer the amendment to Parliament.

CSO: 3298/934

NEW GARMENT FACTORY WILL EMPLOY UP TO 1,000

St Johns THE WORKERS VOICE in English 16 May 84 p 1

[Text] The Rt Hon Prime Minister has announced that a new Garment Factory may soon be granted a license to operate in Antigua. It is understood that this new factory would employ up to 1000 persons within its fourth year of operations here. It is understood that the management of this factory is seeking at least a five year lease and is willing to advance funds to assist with the construction of a factory shell to house the operations.

It is said that the owners of this new venture are businessmen from Hong Kong who operate similar factories in that city. The U.S. Govt has put a quota on garments shipped into the U.S. from the Far East countries which is now proving quite inadequate to manufacturers, so they are now turning to the Caribbean which at present has no quota for the region. Antigua, Jamaica and St Lucia have been the main islands chosen in this area. Another Hong Kong based company is scheduled to take over Knitwear Garment Factory at the end of June and enlarge it up to three times its present capacity.

With the expansion and establishment of these Garment factories there is definitely going to be a shortage of both skilled and unskilled women to work in these factories. The owners of the new factory have apparently been informed of this, and this newspaper has been informed that they are seeking permission from the Govt to bring in up to 150 of their workers from Hong Kong to train and work alongside their Antiguan and Barbudan counterparts for a period of at least a year. The main reason for such a request is that they have anticipated getting only a few skilled number of Antiguan as most of them are already employed in other similar factories, so in order to get their production high as possible as soon as possible, in order to get an adequate quota when the U.S. Government issues one for the region, then they want to bring in some skilled Hong Kong based Chinese women to train and work alongside Antiguan/Barbudan in the initial period.

This newspaper understands that the Government is giving careful consideration to the request and intends to discuss the matter with the Unions and other concerned bodies, along with the public before making a final decision.

It would be nice to see our people learn these skills with the view in mind of taking over these factories some day.

CSO: 3298/934

ECONOMIST PROPOSES FORMULA TO RELIEVE FOREIGN DEBT SYNDROME

Buenos Aires MERCADO in Spanish 31 May 84 pp 23-24

[Commentary by Rodolfo C. Rossi: "The Foreign Debt Syndrome"]

[Text] All of the country's inhabitants have obviously become aware today of the foreign debt and its impact on the nation's income, economic activity, international transactions and other major domestic economic variables such as interest rates, wage and employment levels, the exchange rate and the return of venture capital.

As a result of our well-known foreign debt burden, the great majority of the nation's inhabitants are experiencing and, perhaps suffering because of, all of the ups and downs on the world financial markets to which our country is today closely tied. Dates such as 31 March 1984, when interest payments were rescheduled via a loan from Latin American countries, or next 30 June, the day our country originally set for a rescheduling of its external liabilities, are milestones of far-reaching importance for individual and social decision-making that will, in fact, dispel the question marks about Argentina's economic future, its real political direction and even the features of its way of life. Furthermore, the rise in international interest rates prompted sincere and widespread denunciation because of the additional economic hardships that it will burden us with.

The magnitude of our foreign debt and the impact of high real interest rates on it should be of ongoing concern to us as Argentines, and we should tackle the problem through consistent and, most of all, balanced action.

Contrary to what many "authors" are preaching about the impossibility of repaying and even servicing the debt, we should show the world through "consistent action" our potential ability to pay, our firm bargaining position based on our solid future and, of course, our creditworthiness as a borrower with a proven track record.

We should demonstrate during the negotiations the firm and "consistent action" that I am talking about by presenting a medium-term rescheduling program that we can adhere to by striving for an increasing trade

surplus consistent with the growth that our country will experience. The firm and "consistent action" during the negotiations should also involve stressing the overriding need for efforts that are justly shared by us and our creditors, inasmuch as there is also a shared responsibility for the genesis of the debt. Our firm and "consistent action" at the bargaining table should take the form of sobriety, earnestness and diligence in the procedures and arrangements to be implemented.

But this is not all. At the same time, "balance" must prevail, and in this regard our domestic panorama is of fundamental importance. We can hardly take "consistent action" at the bargaining table while the specter of internal disarray runs wild, as manifested by excessive and perhaps inefficient government spending, insufficient domestic savings (even to finance it) and a shrunken, stagnant private sector that is almost completely controlled (prices, wages, interest rates, exchange rates, etc) by a domineering and perhaps inefficient State. Needless to say, insufficient savings leads to an uncontrolled issuance of currency, which increases the velocity of domestic transactions and creates the hyperinflationary climate in which we find ourselves.

Several questions arise at this juncture. Will the foreign banks accept our resolute plan of action? It depends on us. As backing we have the Argentine Republic. We must relieve our creditors' anxieties, however, with a credible plan for growth in a sound, orderly country. Yes! We are certain that our foreign creditors will quickly agree to the reasonable reschedulings that we call for, as long as they are based on a reliable and feasible strategic plan.

Won't the rescheduling program and the aforementioned balance call for severely recessionary policies in our country? It depends on us. Our country obviously needs a program of adjustments. If by a program of adjustments we mean a cut in imports and in real production, a falloff in real wages and restrictions on incoming technology, then such a program is certainly recessionary and, therefore, objectionable. Nevertheless, sacrifices will have to be made. Neither savers nor producers nor businessmen should bear the brunt of the burden, however. Our efforts should focus on sharply reducing the size of government and its interference in the economy. Our efforts should focus on vigorous, nonrhetorical growth in the private sector. There will be no specific efforts to create confidence, though this is a fundamental condition for strong institutions, productive investment and growth-generated wealth. Argentine capital now sitting overseas and genuine foreign investment will be welcome here, where it will help to bolster savings, investment and the capital formation of private firms. This will lead to a definite rise in available exports and in economic growth. In this vein, we should take note of the total instability of today's world, as a weary Europe grapples with a missile race of unforeseeable consequences and the United States skirts its glaring budget deficit problems. Might not Argentina once again soon become, through "consistency and balance," the promised land?

To strike this balance, the government must reduce its currently preponderant role to that of correcting the distortions that the unfettered workings of private-sector supply and demand might give rise to and of helping Argentina's active private sector achieve its growth targets.

Won't these adjustments entail a social cost? Absolutely not. If we achieve economic growth by using the power of our imagination, the resulting supply of goods will create their own demand, with increases in output and efficiency that will even boost real wage levels. A real marketplace will determine the best allocation of resources, and the entire country will have justified confidence in its future.

Our generation of Argentines must see to it that today's worrisome, staggering debt becomes just another story that we can tell our children and perhaps our grandchildren, a story of how a strong, resolute and well-balanced nation broadened its horizons by throwing off trying frustrations.

Or are we not perhaps Argentines?

8743

CSO: 3348/464

LETTER OF INTENT TO IMF FOUND UNCLEAR ON RECOVERY STRATEGY

Buenos Aires LA PRENSA in Spanish 21 Jun 84 sec 2 p 3

[Text] Economist Rodolfo Rossi, a member of the Argentine Industrial Union's economic analysis commission, has stated that the letter of intent that the government sent to the International Monetary Fund does not spell out the economic policies it will pursue to achieve its proposed objectives and does not specify its announced recovery strategy.

At a meeting organized by the Argentine Institute of Finance Executives to analyze the technical aspects of the letter of intent, Rossi emphasized the letter's shortcomings, which stemmed from the one-sidedness of the government's economic policy criteria, "specifically in relation to microeconomic variables."

He added that the document fails to mention the money supply and "refers exclusively to the gross domestic product, which is not in the least informative."

Rossi also underscored that the figures in the letter of intent, those referring to the budget deficit in particular, are markedly different from the ones in the 1984 draft budget that the Executive Branch has sent to Congress.

In spite of these shortcomings, the economist felt that the balance of payments figures were achievable; the letter estimates that this year's trade surplus will hit \$3.829 billion and that revenues of \$6.15 billion will be needed to meet liabilities of \$9.979 billion in 1984.

The economist felt that a number of technical hurdles would have to be overcome to secure these revenues; for example, revenue from tourism is estimated at \$161 million, which is unlikely under current circumstances. In addition, the Club of Paris would have to be willing to convert the \$1.3 billion in export promotion loans into buyer's credits.

Expansion of the Debt

If the rescheduling goals proposed by the letter of intent are met, Rossi felt that liabilities totaling \$4.278 billion could be paid off, while additional borrowing would amount to \$2.798 billion.

Rossi pointed out, however, that the letter of intent "fails to consider the overnight debt of the Banco de la Nacion Argentina in New York, which is estimated at \$670 million, and takes for granted that the current debts with the IMF will be rolled over, as \$1 billion this year and \$1.4 billion next year are expected to come from the Fund."

Technically, the IMF would oppose granting such amounts, the economist assumes, because it authorizes loans only up to 102 percent of the contribution of the member countries, and since Argentina's quota is \$1.113 billion, we would be requesting higher amounts than are normally lent out.

Moreover, analyzing the course of the negotiations with the IMF, Rodolfo Rossi felt that the letter of intent would not be rejected outright, though he forecast hard times.

"It is not a good idea to begin the efforts to reschedule \$21 billion amid the disarray that the letter of intent reflects," Rossi remarked.

8743

CSO: 3348/464

AUTO PRODUCTION FIGURES LOWEST IN DECADE

Buenos Aires CLARIN in Spanish 15 Jun 84 p 20

[Text] According to ADEFA [Association of Motor Vehicle Manufacturers], automobile production totaled 15,754 units in May, up 6.1 percent from May of last year. Output over the first 5 months of the year reached just 57,925 units, however, down 4.6 percent from the January to May period in 1983.

As far as sales are concerned, the picture is reversed. May 1984 sales totaled 14,682 vehicles, down 4.8 percent from May 1983, but the cumulative sales over the first 5 months of the year, 65,499 units, are 4.4 percent higher than in May 1983.

The production figures are still among the lowest of the past 10 years. According to the ADEFA report, output during the first 5 months of 1975 totaled 111,036 units, the highest level of the past 10 years, followed by production for the first 5 months in 1980, which reached 107,182 units, and output for the same period in 1981, 97,997 vehicles. Production for the first 5 months of 1984, in contrast, was higher than only the two worst years of the past 10: 1982 with 41,256 units, and 1978 with 53,085 units.

Sales during the first 5 months of 1984 are also among the lowest of the past 10 years, 65,499 units. Sales for the same period in 1975 reached 111,483 units; in 1980, 116,047 vehicles; in 1979, 95,674 units and in 1981, 93,470. The 1984 sales figures surpass only those in 1982, 43,961 units, and in 1983, 62,737.

With regard to production by categories, it is interesting to note that whereas there was a decline in category A (automobiles) over the first 5 months and a much steeper drop in category B (pickups), there was a steady rise over the 5 months in category C (trucks and bus chassis).

The figures for exports are practically unchanged: 2,485 units in 1984 and 2,447 in 1983.

PLANALTO'S ACCEPTANCE OF NEVES CANDIDACY DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jun 84 p 5

[Text] Contrary to what might be imagined, the launching of Governor Tancredo Neves' candidacy for the presidency of the republic may be viewed by Planalto Palace more with relief than distress.

Actually, judging by reports from individuals very close to President Joao Figueiredo, the possibility that Tancredo might become president does not alarm those currently in power and, surprisingly, he is seen as a trustworthy alternative for the PDS [Social Democratic Party] members who would not accept a victory by Paulo Maluf in the party convention.

By all reports, the president would never support a candidate of another party, but he would not be much concerned if Tancredo Neves, with the support of PDS dissidents, won the battle in the electoral college.

The Minas Gerais governor is seen from Planalto Palace as an expression of balance, i.e., someone who, on assuming office, would avoid the political reprisals and retribution that are always cause for concern and which explain why the revolutionaries of 1964 fear a rotation of parties in power.

In view of the picture which is forming, say these palace confidants, it is well known that PDS members are pushing for Tancredo Neves to become the reliable political alternative in the electoral college. There are signs that his candidacy is of interest to President Joao Figueiredo himself.

For example, a member of the highest echelons of government said yesterday that Figueiredo's apparent distancing from the succession process is part of a strategy that would include fostering the idea that Paulo Maluf's victory is a "sure thing."

This artificial atmosphere would bring about two new political circumstances, of interest to the government: the launching of Tancredo Neves and the possible strengthening of Mario Andreazza, because of the certainty that many PDS members would refuse to vote for Paulo Maluf in the electoral college.

To understand the interest of Planalto Palace in such developments, one must bear in mind its major concern--a real nightmare for Figueiredo and Octavio

Medeiros, chief of the SNI [National Intelligence Service]: Paulo Maluf's victory in the electoral college would mean that former Minister Golbery do Couto e Silva, who has a thirst for vengeance, would regain his influence in the government and might even return to power.

To prevent the return of the "sorcerer," the president and his group would be capable of anything, including accepting the trustworthy alternative represented by the Tancredo Neves candidacy. Such a process cannot be contained discreetly in the wings and ends up "exploding" publicly, in such manifestations as that of Divaldo Suruagy, governor of Alagoas, who declared he would rather vote for an opposition candidate than accept Paulo Maluf.

His statements express the existing climate among governors of the northeast; because of the influence they have with the convention delegates and representatives of the electoral college, they hold the succession in the balance. The way they swing will dictate the outcome.

To understand the latent preference for Tancredo Neves and the encouragement of his candidacy, one should know certain facts that have been hidden in the shadows. For example, the minister of mines and energy talked with the Minas governor for 6 hours (last weekend), and it went unreported.

Afterwards, he met with Figueiredo and made statements to the press indicating a definite abandonment of the idea of reelection, which he had been arguing for with the consent of the president, who never censured him for such interference. Minister Cals, who has been seen as the vice presidential candidate on the Andreazza ticket, may now begin a tour of the states in search of political support.

Well, the fact that, following his conversations with Tancredo and Figueiredo, Cals is no longer talking about extending the president's mandate and is going out seeking votes is a very clear sign that something has changed in the last few days which few people are aware of. In the wake of this change, some very strange reports are emerging regarding coalitions among the party slates.

When opposition governors took office last year, the party majorities were changed at the regional level, as in Sao Paulo, Rio and Minas Gerais, where the PDS became the opposition at the local level while remaining in power at the federal level. In view of this new political situation, it will be very difficult to prevent the governors in the northeast, for example, all PDS members, from making local political pacts, as the other parties in other regions seek to do, to support a particular candidate.

Thus, although Figueiredo intends to continue to advocate PDS unity, he may not be in a position to restrict the freedom of his governors to make local pacts to express preferences (as in the case of Suruguay) in favor of opposition candidates. If the president simply does not personally intervene on behalf of party unity, regional agreements will evolve, wiping out the PDS majority in the electoral college.

This prospect exposes the weakness of the candidates who have already launched campaigns, above all because it demonstrates that the political picture is still evolving and that the victory will go to the candidate who is strongest on the eve of the election, and not at this time when everything appears unstable and provisional.

PROFILE OF PRESIDENTIAL CONTENDER PAULO MALUF

Rio de Janeiro MANCHETE in Portuguese 23 Jun 84 pp 16-18

[Article by Salomao Schvartzman: "Who's Afraid of Maluf?"]

[Text] He is the political personality of the hour, having "turned the tables" on the PDS [Social Democratic Party] (see news item on page 14 [not translated here]). Discussed, admired, despised, but never ignored, presidential hopeful Paulo Maluf has a momentum that seems unstoppable. MANCHETE in this article traces a complete profile of the man who does not want to leave the center of the political stage.

Paulo Maluf enters the newsroom of a Manaus newspaper during his campaign swing through the Amazon region. One of the reporters is talking on the telephone. When he spots the presidential contender, he excuses himself from the conversation to greet the visitor:

"I am speaking with the regional director of the BNH [National Housing Bank], Mr. Deputy."

Maluf takes the telephone out of the reporter's hands and starts chatting away:

"How are you, old buddy? Don't you recognize me? This is your future boss speaking..."

That is Paulo Salim Maluf, the most discussed Brazilian political personality since the Janio Quadros phenomenon. There are those who praise him and those who disparage him. Scoffed at, rebuked by some, approved publicly by others, he combines all the attributes of a leader. He is the first businessman to be proposed for president of the republic. Coming from a state lacking the capability of launching politicians on a national scale, Paulo Maluf first surprised the nation by his victory at the convention that led to his becoming governor of Sao Paulo. No one else with his background could have come so far as he has. A son of immigrants, he broke rules, flaunted political taboos in the conservative governor's mansion. Wherever he goes, he leaves the trail of his loftiest ambition, which is to be president of the republic. And that creates debate. He was given a clear and open road for his campaign. They have called him an opportunist. Now everyone seems to be united against him, in fear. They want to

punish success, tenacity, an innovative way of conducting politics. They say the synonym for ambition is Paulo Maluf. But I recall that it was Bevilacqua who said: "If ambition were jaundice, at least three-quarters of humanity would belong to the yellow race."

The Man

Paulo Maluf was born in the city of Sao Paulo in 1931, on Bela Cintra Street. The house is still standing, near the corner of Alameda Santos, staunchly resisting the implacable importunings of real estate developers. His boyhood was similar to that of all of his time, with perhaps one small difference. At the age of seven, Paulo insisted upon accompanying his father to the sawmill where he was working. He was fascinated by the movement of the machinery, the noisy operation of the saws, the hustle and bustle of the workers, the mighty logs that entered one end of the sawmill and came out the other as smooth and shining planks, the smell of resins and of acrid, wild sap. His boyish curiosity was boundless, and he made many friends among the workers, who liked this bright, lively child who wanted to know all about everything. They even let him engage some of the gears, his favorite toys. At that time he was attending Sao Luis Academy, run by the Jesuits, on Paulista Avenue.

Jesuit Training

At Sao Luis Academy and in the company of his father he learned what he now considers the greatest lesson of his life: to schedule his time rigorously, which enabled him to double the number of hours in the day and fill them with athletics, recreation, reading, study, leisure, social visits, work, etc. And it was in this school that Paulo Maluf had his first election experience. He participated in the campaign for president of the student assembly and won. By direct vote.

At age 12, when his father died, he began working at the sawmill alongside his brother Roberto. He later studied engineering at the Polytechnic College.

One of his teachers, Lucas Nogueira Garcez, former governor of Sao Paulo, recalled, near the end of his life, especially his restless mind, which led him many times to stop him in the corridors and ask questions about a great variety of subjects. Those were the days of his second electoral experience, while still a freshman, his head shaven, competing against veterans and coming in second in elections for the Polytechnic Academic Center.

Memory

During World War II, while still a pimply adolescent, Maluf wanted to make his way in the world. The war was the cause of tragic events which, although beyond his comprehension, did not fail to move him to emotion. To this day he cannot comprehend the cruelty, brutality, senselessness and absurdity of warfare. These impressions were so vivid that he recalls even today the dramatic words of Churchill, Roosevelt and de Gaulle spoken at the most critical moments of battle. Another indication of this impression about the war is the fact that Paulo Maluf knows--and can recite exactly--almost the whole history of the Russian resistance, chronologically. And, as he could not have failed to do, recount the entire campaign of the Brazilian Expeditionary Force in Italy, also date by date.

His memory is impressive. He can name exact dates and hours and repeat the words of persons almost exactly, some time after meetings, introductions or simple conversations. He doesn't forget anyone's name.

As long as he sees them once, or hears their names during a hurried introduction, he will never forget them.

During the 1982 political campaign (for federal deputy), he was making a speech on a platform in a country town, when he saw a couple who were not even from that town, but whom he recognized. Interrupting his speech, he greeted them, mentioning their names and promising to visit them on such-and-such a date and at a certain time, for a cup of coffee, on which occasion he could once again see the couple's three children, also mentioning all of them by name. The audience was ecstatic.

During a political rally, Maluf is making his way through the crowd, mechanically repeating a friendly greeting. A man stands in front of him and puts his memory to the test.

"Deputy, do you remember me?"

For a few seconds, Maluf searches his computer-like mind, looking fixedly at the speaker. He then shoots right back:

"You are thinner, Ferreira. We met in Cirio de Nazare in 1980, remember?"

Music

While still a boy, Paulo Maluf listened to his sisters practice the piano. Soon after, he sat down and played the same exercises, by ear. That was enough for his parents to decide to give him music lessons. Paulo studied diligently, never imagining that the piano would later pay him political dividends. While governor, he brought together the best pianists of Brazil in the auditorium of the MANCHETE building in Sao Paulo, where he practiced "Hexameron" by Liszt for a week and played under the baton of Maestro Isaac Karabitchewsky, in the company of Jacques Klein, Artur Moreira Lima, Nelson Freire, Joao Carlos Martins and Antonio Guedes Barbosa. The piece he plays most often is Chopin's "Prelude 14."

Dona Maria

Love of family is proverbial among Lebanese. If we wish to illustrate this feeling, we have the Maluf family, headed by Dona Maria. Widowed while still young, she took over her husband's business and the education of their children with Biblical zeal. Paulo Maluf, as the youngest of four children, receives all the incentives needed for his career. Dona Maria, just as Rose Kennedy, still devotes herself to her offspring as if they were still children. One of his advisers relates that one day, during a working meeting held at the governor's residence, Dona Maria came into the room, greeted everyone, kissed her son and asked him, determinedly:

"Paulo, have you had lunch?"

"Not yet, Mother."

"Then go to the kitchen and at least make yourself a sandwich."

Paulo Maluf is accustomed to speak of his brother Roberto as his second father. Now 58 years old, 6 years older than his younger brother, Roberto took 12-year-old Paulo to work at the Americana Sawmill, now Eucatex. He benefited from Roberto's working experience and advice about life. For these reasons this reporter can understand why, in his inaugural address, Paulo Maluf dedicated part of his speech to his mother and his brother. And, after completing his formal speech before the Legislative Assembly, he took Dona Maria by the hand and embraced her tenderly.

Political Training

Paulo Maluf first became politically active in the Sao Paulo Trade Association, which he left to become superintendent of the Federal Savings Bank, at the invitation of the then president, Gen Costa e Silva. But before this event he was already aroused to political activity by Gontijo de Carvalho, the Minas Gerais writer and historian of the Afonso Arinos generation, who imbued him with his ideas and especially with his passion for politics. From the Federal Savings Bank, Paulo Maluf went on to become mayor of Sao Paulo, succeeding Air Force General Faria Lima.

While mayor he carried out a program of reurbanization of the city choked by traffic and by rapid population growth. He then became secretary of transportation for Governor Laudo Natel. After this period he devoted himself to campaigning throughout the state among convention delegates for his party, then the ARENA [National Renewal Alliance]. This effort met with success at the convention, which nominated him for governor over the official candidate, so that the democratic liberalization can be said to have begun at that time.

His accomplishments as governor can be gauged by the nearly 700,000 votes he received for federal deputy, obtaining votes in every municipality of the state.

Accusations

Of course, a politician who has so meteoric a career is subject to a wide variety of charges, mainly of using illicit procedures in both government administration and political approach. That's life. Everything began with the Lutfalla case, involving a textile firm owned by the family of his wife, Silvia. This firm had a credit line from the BNDE [National Economic Development Bank] and was bailed out by the bank. On the basis of that incident, it was charged that he, Paulo Maluf, had obtained special treatment for the Lutfalla company. The courts have found that Paulo Maluf had no direct or indirect association with the case.

During his administration the Sao Paulo State Savings Bank approved, with the ratification of its board of directors, an irregular credit operation. Paulo Maluf fired the entire board of directors. It was an unprecedented decision. Its former chairman, Eduardo Prianti, is now on trial and may even be convicted.

But the event of greatest consequence during his administration was the clash of his political supporters and the police with the residents of Freguesia do O.

Paulo Maluf was there with his entire cabinet and the mayor of Sao Paulo, Reynaldo de Barros, who also brought his own staff, to meet with the representatives of the neighborhood and solve their most immediate problems. The press, during the week preceding the event, had announced formation of groups that wanted to impede the work of the "itinerant government," as the government's local meetings were called. The clash of Maluf supporters with these groups took place about 100 meters from the building where Maluf was meeting. The violence used caused serious repercussions nationwide.

Who's Afraid of Paulo Maluf?

Paulo Maluf's national ascendancy, amid jeers, applause, unproven accusations and sheer tenacity, and the virtual certainty of all sectors of both government and the opposition that he will win at the 2 September convention, becoming virtually president of the republic, have stirred his opponents to seek new political formulas, trying to come up with yet another casuistry, this time to create obstacles for Paulo Maluf. They invented the "primary election." And what was the major defense of Paulo Maluf against this "out-of-bounds" penalty? He took a firm grip on the Constitution, which provides that the party candidate's name will be chosen at the party convention. And, knowing Paulo Maluf, I might ask: what indeed could happen if, even without the unanimity of the candidates, the government insists upon furthering the primary election?

Paulo Maluf will go to the convention, with or without a primary election.

8834

CSO: 3342/124

BRAZIL SAID VICTIM OF U.S. POSITION ON ARGENTINA

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jun 84 p 3

[Editorial: "Argentina and the Lubransigence of the United States"]

[Text] The U.S. monetary authorities have decided to stand firm against the Argentine challenge, making it clear that the law will be strictly enforced and that they will not yield to blackmail. The strictness of the authorities relieves the banks, which now know that, although they could sustain great losses, they have a powerful ally. It should be noted, however, that the drastic reduction in the profits of the U.S. banks will certainly have negative consequences for Brazil at a time when Brazil could be obtaining further credit lines for its foreign trade.

The controller of the currency, director of an agency independent of the Federal Reserve (Central Bank), sent the banks a communique on the standards to observe regarding loans that may come to be included in the category of "non-performing." This status is automatically dictated when the debtor has not made interest payments for longer than 90 days. Up to now, the U.S. monetary authorities have winked at the interpretation of the legislation. They have allowed that just the interest not paid for 90 days could be considered as lost. Now they are demanding that all the quarterly interest be included, even the portion that was not included in the fatal delay of 90 days. [As published]

This new decision will greatly reduce the profits of the U.S. banks, which do not have the possibility, like other countries, of working out provisions for emergencies of this kind. Antonio Pimento Neves, our correspondent in Washington, provided a very significant example, with reference to the bank which is most involved in the Argentine case, showing that if the interest is not paid by 30 June, the bank's revenue could be reduced by almost 50 percent.

It is obvious that, in choosing the most drastic interpretation of the standards, when the Federal Reserve recommended a less drastic position, the controller of the currency (who is not entirely independent of the government, like the Federal Reserve), took a step with a political cast: he did not yield to intimidation by the Buenos Aires government, which, with the threat of such a significant reduction in the banks' profit, might suppose that the U.S. monetary authorities would be disposed to modify the very rigid legislation which even prohibits the capitalization of the unpaid interest. The U.S. government left a very clear message: it is not inclined to yield to blackmail.

Since the U.S. banks are not protesting this obduracy of the authorities, it can be assumed that, as they did in the case of Continental Illinois, the authorities advised the directors of financial institutions that they would have the support of the Federal Reserve, although certain sectors of Congress would prefer to see some banks in serious difficulty, without clearing assessing the effects of a weakening of the banking system on the nation's economy.

Meanwhile, the measure will certainly have a negative effect on Brazil. As is known, since exports have grown more than was predicted, Brazil was looking for new lines of credit from foreign banks, with the promise that any credit exceeding the limits provided in Plan II of the renegotiation would not be taken into account in the next renegotiation. The banks are interested in offering credit lines backed by collateral (from the importer himself), at a very short term, since the increased revenue it favors would restrict the need for long-term loans. In the case of the U.S. banks (for our country, the most important), they will not be able to expand their lines of credit, not from any lack of willingness but for want of available funds. This is one of the factors that put us in the position of victims of Argentina.

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CSO: 3342/123

JOST URGES MORE EXTENSIVE PLANTING, OTHER MEASURES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 84 p 34

[Text] Agriculture Minister Nestor Jost said yesterday in Sao Paulo that, in the next meetings of the National Monetary Council, he was going to stress the need to expand the acreage planted in rice, beans, corn and cassava to supply food to the people. He also said that the government is studying a plan to increase the offering from the truck farmers, to substitute in part for cereals, consumption of which is declining because of the high prices.

According to Jost, the authorities want to bring production up in the next harvest, using various strategies, including the definition of a compensatory VBC (Basic Cost Value). "We are studying this and plan to complete the study by the end of this month, because we know it is important to arrive at a definition well ahead of time, to motivate the producers."

Nestor Jost declared that the government had not created regulatory stocks, but already had corn, rice and beans under EGF (federal government loans). "Just in Parana, we have over 4 million sacks of corn in this situation. So we are in a position to improve the supply of basic products. For example, we are still opposing corn exports because we feel production will only be sufficient to supply the domestic market."

Regarding rice, Jost reported that he would meet today with Minister Delfim Netto to reach a decision. "The producers in Rio Grande do Sul are asking for a 45-percent readjustment. We are going to study the matter and decide what can be done for these farmers."

Jost thinks his plan to increase the acreage planted in foodstuffs by at least 2 million hectares does not present a problem "because this would only be returning to the acreage planted in 1981, which had impressive results the next year."

Complaints

The minister made his statements shortly before his meeting with producers in the Brazilian Rural Association. During the meeting, he listened to various complaints, including that of Ney Bittencourt de Araujo, director of the association's grain department, who feels the reduction of the EGF "demonstrates the short-sightedness of a suicidal economic policy, which aims to kill the hen to get hold of a few more golden eggs."

6362

CS0: 3342/123

GALVEAS SAYS IMF'S 'HASTE' EXACERBATING SOCIAL PROBLEMS

IMF Termed 'Hasty'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 84 p 24

[Text] Brasilia--At the address he delivered Thursday at the Higher War School, Minister of Finance Ernane Galveas criticized the orthodox policy of the International Monetary Fund harshly, stressing that the speed of its economic austerity program to date has had extremely negative effects on the production and employment levels and have aggravated the social problems of the countries which have submitted themselves to its cure.

Galveas did not speak specifically of the Brazilian case, but more generally, nor did he reject the agreements signed in February of last year. According to one of the minister's advisers, what Galveas made clear was his profound disillusionment with the lack of social and political sensitivity shown by the IMF in imposing its economic austerity programs on countries in difficulty.

Almost at the end of his address, the minister of finance stressed the points which should be discussed during the next renegotiation of the foreign debt. He emphasized that such multilateral bodies as the IMF, World Bank and Inter-American Development Bank (IDB) "should adapt their approach to the various realities described to them and make it more flexible, modifying the rates and speed of adjustment which can be required in each case."

"Such a change of approach," the minister suggested, "seemes essential if the institutions like the IMF are to function more effectively as the coordinators of the process of making adjustments for the crisis which is today affecting the vast majority, practically all, of the main countries in Latin America, Africa, the Middle East and Eastern Europe, differentiating between what can and must be corrected in the short run and those aspects which must have enduring solutions to avoid clashes in the broader time span."

And, he charged, "To date, since these differentiations have not been made, the speed of adjustment required of these countries has had extremely negative effects on their respective production and employment levels, thus aggravating the social problems they already have."

Argentina Is Right

To economists reading the text of his talk carefully, and this section in particular, Galveas indicated that the Argentines were right in avoiding any

agreement with the IMF along the orthodox patterns of that institution, because this would simply mean deepening the recession in that country. What the minister suggests is that the IMF, and not only that body, but the World Bank and the IDB as well, make an effort to understand the reality in each country and its political and social situation, and only then implement the austerity program.

Galveas talked at length this week with the members of a delegation of economic officials representing the government of the Dominican Republic, which decided to break with the IMF when, as a result of the mere announcement that the program agreed upon meant a reduction in consumer subsidies, a wage squeeze, etc., immediately aggravated the social problems in that country.

The Brazilian economic authorities see the evils in the current policy in effect. And Galveas himself has more than once stressed that the recession policy was not wanted by the government but imposed upon it. It is worth noting that, intermittently, the Brazilian representative at the IMF, Prof Alexandre Kafka, receives reports from the Ministry of Finance on the actions of other countries with regard to that body.

Improvement by 1987

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jun 84 p 20

[Text] Brasilia--If the political will exists, Brazil will be able to "get out of the hole" by 1987, with an increase of 13 percent a year in exports sufficing, Minister of Finance Ernane Galveas will state today at the Higher War School. His address, 164 pages long plus three appendices of 44 pages of theoretical material and 44 updated statistical tables, contains the most profound assessment yet made on the government level of the Brazilian and world crises, sources in the economic sector say.

The finance minister will stress that the success of the Brazilian economic adjustment program depends not simply on the efforts and sacrifices of our society, pointing out that much will depend on the development of international interest rates and the reduction of protectionist levels. In this connection, Galveas will emphasize the "warning cry" addressed to the industrialized world by Brazil and a group of Latin American countries. He will say that "it is necessary to become aware that all, both debtors and creditors, have common interests and responsibilities in the solution of the crisis."

Galveas will place special stress on the problem of inflation, admitting his disillusionment with the results in 1983, when inflation reached 211 percent, while it is now 235 percent. He will state emphatically that Brazilian society does not accept the present inflationary levels. However, he will explain how the high rate is the result of three basic factors: exchange devaluation of 289 percent in 1983, elimination of consumer subsidies and credit, and the major farm losses in the South and Northeast.

In the government sector, the finance minister will say, all of the necessary steps were taken with a view to reducing inflation. However, he will argue,

as the phenomenon is deep-rooted and the level of economic indexing is high, the lag period between the adoption of the measures and their effects cannot be predicted with certainty. He will stress that he believes there will be a sharp decline in the rate of inflation beginning in the second half of the year, with a clear downward trend developing then once and for all.

The finance minister will defend the expansion of domestic savings and greater participation in the economy by the private sector. And he will argue that Brazil will emerge from the economic crisis it is experiencing in 1987, when conditions will exist for the elimination of the deficit in current accounts, meaning a reversal in the rate of development for the foreign debt. Galveas also believes in recovery, mainly in the foreign sector, where the price of oil, which is no longer the main source of the imbalance, is concerned. In his view, the energy question will be resolved definitively in Brazil within a short time.

In an analysis of the export sector, the minister will stress the increase in exports of manufactured products in this first half of the year. In his view, these sales have been the locomotive in the initial process of economic recovery, and he thinks they indicate an effective beginning in resuming growth.

He will present figures which are regarded as the closest to the 1984 reality, indicating a balance of payments surplus of \$4 billion and a deficit in current accounts of \$5 billion. His address will be published in book form, and it represents an attempt by Galveas to provide the most profound and definitive assessment of the Brazilian economy in recent times.

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CSO: 3342/120

NETTO TERMS INFLATION 'INDECENT'; SCORES MORATORIUM CONCEPT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jun 84 p 25

[Text] Rio de Janeiro--In a speech to the Higher War School yesterday, Delfim Netto, the planning minister, termed the present level of inflation "indecent," saying that this is the time to continue the monetary pressure to reduce the increase in prices. "We want a reduction from a truly indecent 220 percent inflation level to an equally indecent 150 percent per year level," Delfim Netto said. "I am not proposing anything dramatic, but a perfectly reasonable goal, since inflationary tensions are relaxing. When we have done this, we will have achieved all the goals of President Figueiredo's economic program." In his one-hour address, which was well-applauded at the end and which was delivered extemporaneously with the aid of charts and tables, Delfim Netto analyzed the Brazilian economic situation from four main points of view: the foreign sector, the replacement of imported energy sources, reorganization of the domestic productive system and inflation. He expressed the view that the economic policy pursued has satisfactorily resolved matters in the first three sectors, with the battle against inflation remaining. In his view, inflation is an expression of the tensions produced in the economy by the process of general adjustment.

In all of his approaches, Delfim Netto compared Brazil with such other countries as Mexico, Argentina and Venezuela. He admitted that from the point of view of inflation, "our results have been much less brilliant, due to the coinciding failure of the grain harvest and the effects of exchange devaluation." But according to Delfim Netto, "all these countries showed an increase in the rate of inflation except Venezuela, where inflation is equal to that on the foreign market, due to its total dependence on foreign trade.

"There are very imaginative individuals," he went on to say, "who do nothing but seek special schemes for resolving Brazilian problems, whereas our situation is in no way special. Those who commit the same errors harvest the same results."

Foreign Sector

In analyzing the development of the Brazilian economy in relation to the foreign sector, the minister summarized the matter in two points: manipulation of the foreign exchange rate to limit imports and encourage exports--which resulted in the two maxidevaluations of the cruzeiro--and the so-called "desk-drawer economic policy," involving the shelving of import authorization

requests for small parts and components until the impossibility of finding them in the country has been demonstrated. And he indicated that this policy resulted in the substitution of imports of such products totaling between \$1 billion and \$1.5 billion between 1980 and 1984. According to him, government direction made it possible to shift the export curve to well above that for imports, and to adjust the current account deficit, which measures the volume of foreign goods and services being incorporated in the domestic economy. This deficit, the different between interest and other services and the positive trade balance, was 5 percent of the gross national product in 1982, fell to half that in 1983, and, he said, is likely to come to 1.7 percent this year.

Foreign Debt

Delfim Netto also compared the foreign indebtedness processes in the various countries, arguing that all acquired this debt in more or less the same fashion. "The Brazilian government acted correctly, using the available foreign capital in its economy, when such existed," he said. "If Brazil had refused to contract the debt, its economy would have been paralyzed." This is because, among other reasons, the country depended totally on imports of energy sources, he added. In his view this was the key point of the economic policy. "It was there that Brazil made a change," he said, "thanks to a tremendous effort to invest in oil production and in the PROALCOOL." And he noted that in 1979 "we imported 80 percent of the energy consumed, now reduced to 40 percent. This is the basic change." According to Delfim Netto, PROALCOOL made it possible to keep the recession much smaller than it would have been otherwise, because it kept the automobile industry functioning. And "the reduction in the consumption of oil products was achieved by the imposition of barbarous prices, the only way of doing this," he stated, admitting that these measures "added further fuel to the inflationary process."

Public Sector

In speaking about the control of public expenditures, Delfim Netto indirectly criticized the Geisel government, saying that "when we were surprised by the first oil crisis, we had a vast program for replacing imports, ambitious programs in the metallurgical, chemical and atomic sectors vastly exceeding the domestic savings capacity, and at the very time when such savings were being reduced, with the tax collected by the foreign oil producers on the domestic economy." Therefore the government had to obtain resources from the private sector and increase the foreign debt in this connection. It therefore had to raise the real interest rate, to prevent private investment and to increase what the government appropriated. "The government issued false currency and forced the private sector to limit its activities." In his view, these programs were useful "but the priority assigned was debatable. The tragedy was that these projects, once begun, had to be finished even though the rate of domestic return was small. As we put money into them we had to take action concerning their future. The ACOMINAS [Minas Gerais Steel Company] is a dramatic project, for example, but today it is a good investment because it is near completion. Thus a project which was bad due to government action is working out well. The government was caught in its own trap, and the projects must be finished," he asserted.

According to Delfim Netto, the public deficit was substantially reduced even so. In 1982 it came to 6.6 percent of the gross national product, representing 3.5 percent of the state figure. In 1983, the deficit fell to 2.7 percent, and "in 1984, we hope for a balance in the government sector, practically zero. The central administration was reduced so that projects could be completed, involving not only our wages but also other expenditures in the civilian and military sectors.

"We also made a genuine effort to reduce state involvement," the minister said, noting that at the beginning of the Figueiredo government, there were 521 state enterprises, a figure which has now been reduced to 374 "in a process which should be continued and perfected."

Indexing To Continue

Minister Delfim Netto denied the possibility that the government will abandon economic indexing, with a percentage cut in all of the monetary corrections, as former minister Octavio Gouvea de Bulhoes has insistently urged, because "we would not be in a position to control the dollar on the black market, and everyone's savings would begin to be based on the only asset which is not indexed, the dollar."

During the discussion with the students at the Higher War School following his address, the minister-chief of the Planning Secretariat of the Presidency also responded to the arguments of former minister Mario Henrique Simonsen to the effect that the U.S. fiscal deficit of about \$200 billion per year is in part financed by the underdeveloped debtor countries.

"What happens," the minister said, "is that the United States has strategic responsibilities, including the protection of the routes of the oil tankers which serve us, and this costs a great deal of money. It would not be reasonable for us to advocate a reduction in these expenditures by the United States, nor would they listen to us. Nor does it serve any purpose to ask for a reduction in the U.S. trade deficit, which comes to about \$12 billion per month, because if they cut their imports it is our exports which will be threatened. It is necessary then to face the fact that our solution does not lie along these paths."

The planning minister said further that the U.S. Treasury has a great interest in reducing interest rates, because the U.S. debt service as well is suffering from high interest. "If the United States were to succeed in reducing the interest rate from the present 12 percent to some 8 percent per year, it could save about \$60 billion on its debt service in this year alone. We have no illusions: the U.S. deficit will only be corrected through an increase in taxes, and this does not seem likely soon in the United States, in an election year," Delfim Netto said.

Moratorium

Minister Delfim Netto also criticized the idea that Brazil should decree a moratorium on the payment of its foreign debt again, even in terms of future prospects.

In response to one of the students, the minister of planning said that Brazil would have been destroyed if, during the first half of the Figueiredo government, when dependence on foreign supplies of oil was greater, it had yielded to the pressures to decree a moratorium. It "would paralyze the entire economy, would leave us without food or industrial production, and unemployment would spread. In 5 years of effort and sacrifice, the Brazilian nation has reversed the terms of foreign energy dependence. Today we produce more than 60 percent of the energy needed to keep our economy running. But we are still importing 40 percent of this energy. Even if we had achieved self-sufficiency, and even when we do achieve it, a moratorium will not be a good thing," the minister said.

If a moratorium were decreed, Delfim Netto warned, Brazilian ships would be seized abroad, and the same would be true of their cargo. "Our aircraft would leave here and would not return, and any foreign court would approve the seizure of our assets and goods," the minister added. The proper path, according to him, will be for the country to pursue what it has been doing, such as negotiation of debt due dates, securing new terms for its payment, keeping credit open in order to continue with amortization, whatever the interest, "and continuing to live."

When asked about continued inflation, Delfim Netto said that "the level of monthly rates of increase has already declined a little, and it is necessary to insist on the present control until they further decline."

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CAMPOS URGES REDUCTION OF SPREADS, ALADI REVITALIZATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 84 p 24

[Text] Rio de Janeiro--Brazilian inflation, which has exceeded all tolerable social levels, has in the end become an "inflammation," and only time and the reestablishment of credibility in the government's economic and financial policy will suffice to reduce the rate, Senator Roberto de Oliveira Campos said yesterday in interviews held following his speech at the Higher War School (ESG).

During his address, the former minister of planning under the Castello Branco government said that he regards the government policy of exerting pressure on creditors for renegotiation of the payment conditions for the foreign debt as wise, and he also regards as valid the attitude of the Latin American debtor countries in dramatizing the debt problem and creating a guilt complex in the creditor countries. To do this they are relying, among other factors, on the rise in U.S. interest rates, contributing to international solidarity, and the demonstration of austerity provided by Mexico and Brazil following their agreements with the IMF. Campos also set forth his thinking concerning the measures the debtor countries should undertake in order to obtain more understanding treatment from the creditors where the foreign debt is concerned. The first proposal is intensification of South-South relations, with the revitalization of the Latin American Free Trade Association, now known as the ALADI [Latin American Integration Association]. The second measure would be the reestablishment of concealed goods exchange operations, like what Brazil is currently doing with Algeria and Nigeria in exchange for oil.

During his talk at the ESG, Roberto Campos also stressed the importance of an effort by the debtor countries to obtain a reduction in the spreads (interest rates) collected by the banks, since the latter cannot reduce the interest rates. A reduction in the spreads, Campos said, would be possible as foreign confidence in the economic recovery programs put into effect by the debtor countries increases. Another important provision the debtor countries should strive to obtain would be an automatic debt rescheduling system, which would prevent the government from having to confront its creditors annually. Campos further noted the existence of preconceptions in the United States and England, where it is believed that the government institutions purchase debts from the banks as a method of protecting them.

Three-Digit Inflation

Senator Roberto Campos stressed that it was Brazil's three-digit inflation and not the economic adjustment measures resulting from the agreement with

the IMF which led to the recession and unemployment. The program agreed upon with the IMF is correct, the senator said, but its implementation came late, when inflation had already grown worse and expectations had deteriorated.

According to the analysis by Campos, the results of the anti-inflationary policy are slow in coming because vestiges of corrective inflation still persist, as a result of the adjustment of certain unsynchronized prices, and also because of the elimination of subsidies, which in the short run causes negative effects with the revelation of certain costs not directly perceived.

He emphasized further that Brazilian society itself doubts that the anti-inflationary program will be maintained consistently and for the necessary period, and such negative expectations also constitute one of the factors making the battle against inflation difficult.

Wages

In speaking to the press, Robert Campos defended the need for adjustment of the wage policy to the capacity of enterprises to pay their employees. In his view, the small enterprises in difficulty should be authorized to pay lower wages, in order to reduce the possibility of unemployment. He noted that the worst wage is the zero wage of the unemployed worker. In the senator's view, wages of government employees should not be based on the same adjustment index as those of private enterprise employees, because the wages of state employees have an invisible power coefficient and also the advantage of stability.

Argentina

Senator Roberto Campos criticized the decision by the Argentine government to reject that model for economic recovery in that country drafted by the International Monetary Fund, even stating that Argentina is currently engaging in a rather grotesque patriotic flurry, which will do the Argentine people no good, because while they want growth, they will only achieve further inflation.

He stressed that "the Argentines have not been noted for realism," and he recalled that Argentina went to war against Great Britain on the basis of simple patriotic enthusiasm, for which reason he believes that when it comes to the economic program as well, the government is not making a realistic assessment. He explained that with the rejection of the economic austerity program prescribed by the IMF, the government of Argentina is making it clear that the country is not experiencing recession. "A sweet illusion, because a nation with inflation running at 500 percent inevitably suffers recession, because the atmosphere for investments becomes unworkable, unlike what would happen if it submitted to a rational discipline."

The former planning minister says he therefore has no admiration for Argentine good sense, "because I believe that what is prevailing there is a total lack of sense."

CONSORTIUM TO BID FOR CONSTRUCTION OF IRAQI PIPELINE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 84 p 24

[Text] The BRASPETRO [PETROBRAS International, Inc]-Mendes Junior Consortium will participate in the international bidding for the construction of the new Iraqi oil pipeline, which will cost a total of \$3 billion and was termed "a strategic project" in Rio yesterday by Iraqi Minister of Oil Qasim Ahmad Taqi. The participation of the Brazilian group in the project was the first practical result of the visit paid by the Arab minister. On Monday, the minister may reach agreement with PETROBRAS [Brazilian Petroleum Corporation] on a greater supply of oil to Brazil (currently that country is providing 160,000 barrels per day) and the purchase of more Brazilian products, in an effort to balance the trade between the two countries.

The Brazilian consortium may participate in the first stage of the project, which will cost \$1 billion, while the second will cost \$2 billion. In the first phase, the project will have a capacity of 500,000 barrels per day, and in the second, this volume will be increased to 1.6 million barrels.

The oil pipeline will be 1300 kilometers long. According to the Iraqi oil minister, it will begin in the oil fields in the southern part of the country, linking up with the Saudi Arabian oil pipeline, from east to west across the country, in the first phase.

In the second, the Iraqi oil pipeline will be extended to the area of the Yanbu-Al-Bahr port on the Red Sea, to the west of Iraq. It will thus be an oil pipeline with clearly strategic characteristics, in view of the fact that it does not extend toward the Persian Gulf, but rather to a region which will provide better prospects for Iraqi exports and the supply of oil to the West as such.

The construction of the oil pipeline becomes more pertinent in view of the fact that the war in the Gulf between Iraq and Iran has already done serious damage to Iraqi oil exports, as Qasim Ahmad Taqi himself has admitted.

The conflict in the Gulf has already led to the paralysis of three of the country's main terminals.

Trade Between Brazil and Iraq

Brazilian-Iraqi trade, according to the authorities in both countries, shows a clear imbalance in favor of the Baghdad government. Brazil purchases the

equivalent of \$2 billion annually, while Iraq purchases goods worth \$400 million. One of the efforts being made by the Brazilian authorities currently is to balance this trade.

The trade figures released yesterday did not, however, indicate the volume of imports of Brazilian war materiel, which will continue, although Minister Taqi avoided comment on this matter, "since the release of data on weapons purchases could aid the enemy" (Iran, with which Iraq is at war).

Minister of Mines and Energy Cesar Cals admitted that Brazil is interested in purchasing more Iraqi oil, as well as seeing Iraq purchase more of our domestic products. He attended the luncheon given for Minister Taqi by PETROBRAS yesterday.

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BRIEFS

ENGESA EXPORTS DENIED--The directors of ENGESA [Specialized Engineers, Inc] "totally" denied yesterday that three-way deals are being conducted among Brazilian arms manufacturers and commercial agents of other countries to sell Brazilian-manufactured war materiel to Iran. According to the same sources, "operations of this type are prohibited by the Brazilian Government; moreover, the government monitors and approves all legal sales." The businessmen say that the exportation of war materiel "is a kind of locomotive which pulls along other foreign business; hence it is strategically important for any country which is pursuing a policy of expanding exports." Thus, the specialists believe, traditional arms manufacturers--the Russians, North Americans and Europeans--do not look kindly on the emerging war industry in Brazil, which is therefore under constant attack from its competitors. "One of the weapons which this group uses very well is intrigue, seeking to give the [Brazilian weapons] sector a bad name," stress the ENGESA directors. In the specific case of the Iran-Iraq conflict, this strategy has become "quite clear," they say, noting that the Baghdad government is an old client "whose purchases are of interest to all the defense equipment manufacturers in the world." In Rio de Janeiro, Iraqi Petroleum Minister Tagi told reporters that the reports on the possible use of Brazilian weapons by Iran are incapable of "destroying a traditional relationship between the two nations." [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jun 84 p 2] 6362

SURINAME MINISTER VISITS--Brasilia--Erik Tjon Kie Sim, Suriname minister of public works, telecommunications and construction, arrives today in the federal capital on an official visit to Brazil, at the invitation of Communications Minister Haroldo Correa de Mattos. The Suriname minister's agenda includes an accord for bilateral technical cooperation in the broadcasting sector and a protocol of intent with the national industry for the sale of equipment and provision of services in the telecommunications field. Under the terms of the technical cooperation accord, Brazil will provide technical assistance to Suriname in planning and installing a broadcasting system for national and international transmissions and in personnel training. According to an advisor of Minister Haroldo de Mattos, the accord is part of the Brazilian Government's effort to establish closer cooperation with countries of the Americas and Africa. The Brazilian electronics industry should supply Suriname with \$27 million worth of telecommunications equipment and services, according to the protocol which will be signed today. The document will be signed with a consortium of companies led by Victory International, but will not go into effect until July, when the contracts with the Brazilian manufacturers are signed. [Text] [Rio de Janeiro O GLOBO in Portuguese 11 Jun 84 p 16] 6362

FIRST NATIONAL PCCH CONVENTION ENDS; COMMUNIQUE ISSUED

PY151330 Moscow in Spanish to Chile 2030 GMT 13, 14 Jun 84

[Chilean Communist Party communique released to the press in Santiago "following the first national party convention," held in Chile and abroad--date not given]

[Text] The Chilean Communist Party [PCCh] has released the following communique to the press:

We announce to the workers and the people that a PCCH national conference has been held, the first meeting of this type held under the fascist dictatorship.

In accordance with article 40 of our party's statutes, the meeting held in Chile was attended by the permanent and alternate members of the Central Committee and by the secretaries of regional committees. A small number of guests was also in attendance.

Another meeting was simultaneously held abroad by members of the Central Committee who are living in exile (?and by) the appointees in charge of organizing Chilean communist exiles in a score of countries where they are living.

During the two meetings, which constituted the conference, the same document was discussed, which was a report to be discussed by Communist Party members at all levels. A copy of the report was distributed to all members before the conference.

During the conference, various views were conveyed by a large number of cells, local committees, and all the regional committees of Chile, and by the cells and coordinating committees abroad.

The participants in the two meetings not only pointed out the importance of this document for the guidance, education, and activities of the party, but also deemed it appropriate to disseminate it as much as possible and to conclude the meetings by adopting specific measures aimed at strengthening and expediting the implementation of our policy.

In view of this, the rank and file, the local and regional committees of Chile, as well as the organizations in exile made a large number of proposals that constitute a valuable contribution.

The PCCh National conference unanimously approved the political conduct and activities carried out by the Central Committee, reaffirmed the policy of popular rebellion by the masses, underscored the actions by the PCCh and the Communist youths in their struggle to overthrow fascism and their efforts to attain the unity of all the social and political sectors that are in favor of democracy. The participants particularly encouraged the various forms of struggle to destabilize the dictatorship and to pave the way for popular rebellion. They also valued highly the many activities carried out by leaders and members in exile and their various contributions to the struggle by the PCCh and the Chilean workers to restore democracy and freedom.

During the meeting on which we are reporting, the participants pointed out once again the outstanding cohesion within the Central Committee of the Party of Recabarren and Neruda and its political line. They also stressed the party's firm revolutionary actions in defending and implementing Marxist-Leninist principles, the party's growing influence on the masses, and the strengthening of its role as a vanguard party.

The national conference approved various amendments to the statutes and elected the Central Committee. The Central Committee then designated the members of the Political Commission, the secretary general, and the deputy secretary general.

Comrade Luis Corvalan was reelected as secretary general.

The participants studied the national situation and evaluated various aspects of the progress made in the struggle against the fascist dictatorship.

The conference recommended that the Central Committee continue to give maximum attention to the workers movement by assessing the role of the National Workers Command and simultaneously noting the need to continue to seek unity among the unions through understanding and mutual respect between all trends, the active participation of the rank and file, and the legal and democratic representation of the rank and file at the top PCCh organizations.

The conference also authorized the Central Committee to adopt specific measures to promote even further the organization and struggle of the peasants, and the mobilization of the Mapuche community, which is suffering the consequences of lethal actions carried out against it by the dictatorship. The Mapuche community must show its strength and combat capacity in close alliance with the working class.

The representatives to the conference noted the need to give as much support as possible to Chilean women and youth organizations and to the various activities they are carrying out to restore democracy and respect for their specific rights.

The representatives made special reference to the significant and influential role of writers, artists, professionals, technicians, and the urban and rural middle classes, the aspirations of which are continuously supported by the workers and the PCCh.

The PCCh national conference recalled that the Chilean tyranny was installed through the intervention of U.S. imperialism within the framework of its aggressive world policy, which has been intensified by the Reagan administration.

The conference considered that the government-directed imperialist propaganda in Chile spread by the press and television channels distorts the real situation by presenting warmongers as supporters of peace and supporters of peace as warmongers.

This situation, the participants said, calls for the need to give priority to the task of clarifying the real international situation, denouncing the risks of a nuclear confrontation, and promoting the carrying out of demonstrations for peace by various Chilean social and political sectors.

The outrageous arms race undertaken by the United States, the deployment of U.S. missiles in West Europe, and its extreme aggressive measures places humanity in the danger of a nuclear war that could destroy the whole world. No one can ignore this threat, and it is our supreme duty to understand magnitude and confront it.

The participants pointed to the historic actions taken by the USSR and the socialist community in favor of peace and in support of all progressive causes.

They also agreed to reiterate their total support for and fraternity with socialist Cuba and their total solidarity with the Nicaraguan Government and people. They decided to denounce the mining of Nicaraguan ports and the array of U.S. aggressive actions against the fatherland of Sandino and Ruben Dario as criminal actions which violate international law and pose a threat to the struggle of all the people of the continent in preserving democracy and independence.

It also decided to provide meaningful support to the people of El Salvador and Guatemala and express strong solidarity with the communists, workers, and people of Uruguay, Brazil, Argentina, and Bolivia who with their struggle can put an end to the nefarious cycle of fascist coups sponsored by U.S. imperialism.

The main conclusions of the national conference are the following:

1. The PCCh advocates and consistently carries out the struggle for democracy, this being the main task around which the great majority of Chileans are uniting their efforts. The end of the dictatorship and the return to democracy are vital to the country. Only after this is achieved will the problems affecting the workers and the people in general be solved, so that we may follow the road to social progress.

Chilean society has been harshly affected by fascism. The destruction of a large sector of the productive structure left thousands of businessmen,

industrialists, farmers, and transporters in ruins; more than a million people are unemployed; many murders were committed by the henchmen of the dictatorship; thousands of people went to concentration camps, jails, and torture chambers; 1 million Chileans went into exile; and crime and prostitution increased considerably. This is the horrifying drama which affects directly or indirectly practically all Chileans.

The democratic forces have the unrenounceable obligation to demand and obtain the total clarification of the situation of thousands of missing political prisoners. In addition to this, the corruption of the regime, which is a matter of public knowledge, is typical of a fascist dictatorship which implements a policy supporting imperialism and the financial oligarchy, a policy which works against the Chilean nation and the Chilean people. Therefore, the only real solution is to put an end to the current regime and to establish a new democracy now.

2. Pinochet and his regime have transformed Chile into a dependent country of imperialism. Chile is one of the countries which have the highest foreign debt per inhabitant. This debt in 1973 was under \$4 billion and it was contracted by many governments. It is now around \$20 billion. The \$16 billion contracted by the government in the last few years was not used in productive investments and part of it, about \$7 billion, is deposited in foreign banks in accounts opened by Vial, (Cruzat), and other financial organizations.

This large foreign debt is drowning the economy and curtailing national economic recovery. This year Chile must pay \$2.2 billion in interest alone. This amount is over half the value of exports and more than 100 percent the value of annual copper production. The country cannot withstand this bleeding. It cannot at the same time pay the debt and solve its serious economic problems.

Chile has been plunged into the current vicious cycle of imperialist dependency: it is becoming more indebted every day to make the payments of interest on its foreign debt. The worst thing, however, is that this debt, rather than shrinking, has been growing due to the high interest rates of the international banking system.

The agreements signed with the IMF and the political and military subordination to the anticommunist and anti-Soviet guidelines of the U.S. Department of State and the Pentagon confirm the abovementioned dependency and make it clear that the Pinochet's regime is at the service of local and global interests of U.S. imperialism and its partners, the financial oligarchies, despite the criticism which this regime's fascist outrages elicit even among U.S. Government circles.

The measures which Pinochet implements in order to escape from the quagmire and the cabinet changes he makes rather frequently do not imply any in-depth changes and are basically aimed at propping up his authoritarian regime and fulfilling the objectives which he outlined on the very day of his coup d'etat, which was staged in favor of imperialism and the oligarchy.

Pinochet is following to the last detail the IMF instructions, and the only way Chile can move ahead and overcome its present stagnation is to implement a policy entirely different from the present one. This policy should favor the interests of the workers and anti-oligarchic changes which the country requires, and facilitate the development of production, education, culture, and health. This policy should solve the housing problem, open a promising future for the youth, and build a new democratic system.

This means that the social and political forces which advocate these innovations must take over power, and the structure of the state must undergo profound changes which include a reorganization of the armed forces and the judicial branch.

The current national situation can only be changed through struggle. The struggle carried on by workers, employees, peasants and Mapuches, youngsters and women, workers in the area of arts and culture, professionals, merchants and transport workers, and a large sector of industrialists and farmers--and particularly through the Days of National Protest--has wrested from the dictatorship some measures of freedom that have not yet been consolidated. This is a confirmation that freedom has to be won, not wished for as a gift from tyrannies. The exercise of the peoples' right to rebel against arbitrary rule and despotism has enhanced the morale of the masses committed to the struggle, and has contributed to the development of the unity of our struggle. To rebel against injustice and oppression at this time is not only a right, but also a duty.

Therefore, we reaffirm the need to resort to the most diverse forms of struggle, whether peaceful or violent, depending on the occasion and on the resources available to the people. We have praised the clandestine combatants who in recent years have engaged in destabilizing actions which have gained the support and approval of the masses; we have also praised those militants who defended themselves from police raids and aggression. We have called on the workers and all popular sectors to raise high the banner of their demands, to participate in new days of protest, to prepare themselves for a national stoppage. The dictatorship can and must be defeated in the short term, provided we all put our shoulders to the task and rid ourselves of false expectations. The downfall of the fascist regime will not be achieved in a single battle nor by a single sector of the opposition forces; it will be brought about in a succession of minor and major battles in which the entire Chilean people should participate so as to generate a state of national rebellion that will prove uncontrollable for the tyrant, thus taking the decisive step to put an end to the fascist dictatorship and allow a return to democracy.

Fourth [as heard]. Pinochet has repeatedly stated that he is not thinking of leaving the office of chief of state and that his government will continue on its present course. Because of his personal nature, the tyrant rejects any opinion other than his own, and holds strict respect for his fascist constitution and his continuance in power as a basic condition.

The tyrant derides those who have asked him to resign in a gesture of personal largess. He has a strong desire for power and he places this above the interests of the nation. These facts speak for themselves. The actual trend of events points toward a sharpening of social conflicts. Under these conditions, attitudes for conciliation and dialogue with the regime again come to life. However, there are also initiatives endorsing an exchange of opinions and a broad agreement without Pinochet. And as the days go by, there are more forces that are willing to struggle against the tyranny, whatever the circumstances.

The PCCh reiterates that no dialogue is possible with Pinochet. The possible and necessary dialogue to reach an agreement must be conducted among all sectors, civilian and military, which concur on the need for a speedy return to democracy.

We, communists, state that no dialogue whatsoever must stop the struggle of the masses. We say once again that only through this long struggle have some changes in the situation and prospects for victory been achieved. The resolute, joint, and spirited action of the people is and will continue to be the decisive factor in achieving victory and real change.

5) The People's Democratic Movement [MDP], which now has deep roots throughout the country, represents the forces which have been consistently revolutionary, with a clearly anti-oligarchic posture of struggle for a progressive democracy that can evolve toward socialism. It is an irrevocable goal of the PCCh to strengthen and to aid in the development of the MDP and to seek accord and unity with the parties of the socialist bloc and other leftist organizations with whom we have had so many common struggles and successfully brought to power the popular and revolutionary government headed by the great President Salvador Allende.

The PCCh hails the opinions voiced by those outstanding member parties of the Democratic Alliance and the socialist bloc who have endorsed the agreement with the MDP, and the unity of all anti-fascist and non-fascist forces. These voices express the opinion and the sentiment of the people who are united in socialism and repudiate the discriminatory and divisive stands adopted by those opposition leaders who make concessions to anti-communist. These concessions reflect pressures applied by imperialism and internal reactionaries to which those opposition leaders must yield in order to maintain a dominant position so as to be able to steer events and to keep the working class and its more legitimately representative parties from taking a more progressive path. We firmly contend that there is a pressing need for understandings between the MDP, the AD, and other opposition sectors.

If Pinochet boasts about the stability of his government, decrees emergency zones in areas of the country, censors magazines which are critical of the regime, continues jailing and banishing his adversaries, and even mocks some leaders of the AD, he does all these things only because he can take advantage of the lack of unity among opposition forces. The fascist junta headed by Pinochet does and will do its best to prevent a rapprochement of the armed forces with the people.

To implement the sinister Antiterrorist Law and to raise repression to the present level of brutality, Pinochet is implicating the armed forces in crimes and outrages committed against their fellow countrymen. Under these circumstances, we as Chileans, have no choice but to broaden and intensify the struggle until victory over the tyranny is secured. The time has come for all leaders of the Democratic Alliance to understand this and to draw the appropriate conclusions in order to seal an agreement among the various coalitions of opposition forces without offering excuses to anyone. This is also the time for the most conscious, progressive, and bold forces to act as a spearhead for the struggle of the masses, thus setting the pace of action and the course of events to bring along the more hesitant. In the last analysis, unity is to be built and imposed by the social masses.

6) The PCCh calls for the thorough democraticization of the armed forces and the abandonment of the national security doctrine imposed by the imperialists and its replacement with one which is in harmony with national interests. We communists are not vulgar antimilitarists. We can and will distinguish those who have a democratic attitude and act consistently therewith from those who are and will be with Pinochet to the very end. For this reason, when we ask that the crimes committed against so many Chileans be investigated we are not moved by a desire for vengeance, but for real justice, as the people demand. To the extent that the military contribute to bring the slogan "Democracy Now" into realization as the absolute majority of Chileans wish, the democratic government that will take over will not hesitate in including the military in the grand task of national reconstruction. Furthermore, we are not opposed to the participation of the armed forces in a future government once their fascist commanders have been purged.

7) The PCCh is fully aware of what is happening in Chile. Therefore it has always been active in the people's struggle and at the center of political activity. Pinochet has failed in his attempts to destroy it, and he intends to banish it forever with his treacherous Law on Political Parties. On the other hand, some representatives of the bourgeois opposition speak of our future legalization as a gift or concession, or as an unpleasant fact that should be recognized. This sham legal provision the dictatorship intends to enact will implicitly ban all the revolutionary parties and subject all the organizations to the control of the CNI [National Intelligence Center].

Pinochet's Political Parties Law will be shortlived because the people will reject it. Consequently, our party will be legally recognized in the future because that is the will of the people, and it will then have a decisive influence. The PCCh adheres to the Marxist-Leninist doctrine which lead to the triumphal revolution of October 1917 and to all other socialist-inspired revolutions. A steadfast follower of this doctrine, the PCCh has

supported and will support revolutionary positions regarding all national and international questions. At the same time, in accordance with Marxism-Leninism, which cannot tolerate stagnation, the PCCh is open to innovations and is invigorated not only by militants who have joined its ranks in recent years, but also by knowledge obtained from new experiences and the continuous evolution of revolutionary theory.

The PCCh has made a critical and selfcritical analysis of the period following the 11 September 1973 coup. It has been renewed by drawing the most valuable conclusions from events it has experienced. All this has turned the PCCh into a revolutionary organizations which is continuously more stable and open, with greater capacity to make a greater contribution to a political movement that can lead the working class and the people to victory over fascism.

The national conference calls upon all party militants to work for the organizational, ideological, and political strengthening of our glorious PCCh and its communist youth. All militants should develop bonds with the masses and stay in the forefront of the struggle.

The PCCh has been seasons in battles and it calls for the expansion of the battlefield and for unity to overthrow the present tyranny and establish a democratic regime. It reiterates the historical goal of the Chilean working class and people to move toward socialism.

PCCh Central Committee, Santiago de Chile, June 1984

CSO: 3348/467

FOREIGN INVESTMENT 'OFFENSIVE' REPORTED

Bogota EL TIEMPO in Spanish 2 Jun 84 p 4-C

[Text] During the course of the year foreign investors have proposed to Colombia 236 new projects in 13 areas of industrial, mining, agricultural, commercial, and service activities, with investments that could exceed \$600 million.

This "offensive" by foreign investors is a direct consequence of the new policy the government is implementing, to complement Colombia's capitalization and industrialization, explained official government sources.

The director of National Planning, Jorge Ospina Sardi, and the director of PROEXPO [Export Promotion Fund], Alberto Schlesinger, are undertaking a whirlwind trip to a number of European countries, the United States, and Japan, to promote and interest investors in the opportunities awaiting them in Colombia.

According to National Planning statistics, until 1983 Colombia had received US \$1.432 billion in foreign investment, and the prospects now opening up, based on the interest shown by investors, are highly positive.

In 1983 the amount of investment of this type in Colombia came to US \$117 million. The largest amounts were in the manufacturing industry, with \$70 million; and in mining and quarries, with \$12 million.

The entire foreign investment in Colombia came from the following sources: from the United States: US \$763 million; from Europe: US \$387 million; and from South America: US \$84.3 million.

The foreign investment percentages throughout Colombia's history, according to the nation of origin, are as follows: the

United States, 45.9 percent; Switzerland, 7.5 percent; Panama, 3.2 percent; France, 3.3 percent; and the United Kingdom, 8 percent.

National Planning released the following breakdown by sector of the new foreign investment proposals now being studied by the appropriate officials.

Agriculture and livestock, 15 projects; mining, 11; food, 54; textiles, 34; wood and lumber, 11; paper, nine; chemicals, 30; nonmetallic minerals, 10; basic metal industry, five; metal and mechanical, 34; commerce, four; business and social services, eight; and unspecified activities, eight.

By cities, this breakdown of the proposed projects is: in Bogota, 61; Cali, 35; Medellin, 37; Armenia, 15; Buenaventura, 12; Neiva, 10; Bucaramanga, 22; Barranquilla, 10; Manizales, seven; Cucuta, six; Popayan, three; Pereira, four; Chaparral, two; Quibdo, Guateque, San Andres, and Palmira, one each.

Three were proposed for the Bolivar department, and five for Narino.

According to the amount of projected investment, the breakdown is as follows: up to a maximum investment of \$1 million, 51 percent of the total; from \$1.1 million to \$5 million, 19 percent; from \$5 million to \$10 million, 9 percent; over \$10 million, 8 percent; and under study, 13 percent.

The project requirements are: capital, 167; technology transfer, 110; market, 98; and loans, 75.

Rules of the Game

The government spokesmen explained that there are clearly defined rules governing foreign investment in Colombia, and now there are greater incentives and security for such investments.

The enterprises to be established may be joint ventures or may use up to 85 percent foreign capital.

The minimum level of national capital participation is 15 percent. After 5 years, this participation must rise to 30 percent, and later must reach the level of a joint venture, which is 51 percent Colombian capital and 49 percent foreign capital.

Nonetheless, an enterprise may maintain a level of 85 percent foreign capital so long as it guarantees that 55 percent of its raw materials comes from domestic sources, or so long as it exports 25 percent of its total production.

The conditions governing foreign investment were discussed during the National Planning director's trip to a number of continents. This tour began on 16 May and will end next Monday [4 June]. During this tour, he has visited Japan, where he met with 90 businessmen and investors; Cologne, West Germany, where he met with 70 businessmen; and London, where he met with 60 businessmen, with whom he discussed the elimination of double taxation on foreign investment, and the possibility of greater flexibility concerning the entry of foreign capital into the Andean group.

In Hamburg, West Germany, he met with 80 investors and discussed systems for protecting foreign investment.

He also met with businessmen in Zurich and Frankfurt.

The trip was sponsored by the UNIDO [United Nations Industrial Development Organization]. This organization is also helping Colombia to prepare a forum for foreign investors to be held from 2 to 5 July in Bogota. The forum will be attended by 150 investors from all over the world.

7679

CSO: 3348/456

INFLATION GOAL OF 9 PERCENT SET FOR JUL 1984-JUL 1985

Bogota EL TIEMPO in Spanish 7 Jun 84 pp 1-A, 10-A

[Text] The government established an inflation goal of 9 percent for July 1984-July 1985. Increases in wages, prices, rents and rates for public services are subject to this level, according to the minister of finance, Edgar Gutierrez Castro, yesterday.

He maintained that it is not **realistic** to continue thinking about increases of 20 percent or 14 percent when these inflation goals have already been reached.

The government set the inflation goal of 9 percent for July 1984-July 1985 for wages, prices and rates. It also announced foreign credits for \$2.22 billion for this year and released 8.5 billion pesos from the collections from the Upac system.

He considered it "worrisome" that the solicitor, Carlos Jimenez Gomez, has ruled against the constitutionality of the new IVA [Value Added Tax] "conceived as a basic part of the tax reform that supports the stability and financial guarantee of the treasury."

He announced a notable drop in pressure on the international reserves, cleared up fears about an eventual crisis on the exchange front and insisted that the economic revitalization, seen in the means of production, is a fact.

In a press conference, Minister of Finance Edgar Gutierrez Castro denied that foreign credits to Colombia have been closed off or that the moratorium announced by Bolivia will have repercussions through new rises in interest rates.

He felt that the national unemployment problem (13.8 percent today, a record) is structural, excessive wage increases have prevented the opening of new job sources and the retroactive nature of dismissals represents a serious additional limitation.

He said that international commercial banks have become more cautious about releasing resources and stated that relief for the private foreign debt will be of great benefit to the country because of the enterprises that have already announced they will take advantage of that.

Gutierrez Castro was secretive about the position the Latin American debtors would assume facing their creditors, overwhelmed by the interest increases and nonliquidity to amortize. He insisted that Colombia is balanced so that the health of the debtors and the health and solvency of the lenders are not affected.

Adjustments to Upac

The Monetary Council recommended that the government temporarily reduce the collections on savings deposits of the savings and housing corporations from 8 percent to 4 percent. These entities must consign and freeze in the Bank of the Republic 4 out of every 100 pesos they receive in savings deposits.

The resources of the Upac system total 275 billion pesos of which 212 billion pesos correspond to savings deposits. The release of four points would equal 8.5 billion pesos. The former collection rate will be gradually reestablished beginning in September at the rate of one point per month. Consequently, it will again be 8 percent in December.

This release was to improve the liquidity of the corporations, deteriorated by the withdrawal of savings totaling 14 billion pesos in 6 months. That withdrawal was caused by the drop in yield and this was caused by decreased inflation.

As is general knowledge, the yield of Upac consists of the inflation rate plus five points. If inflation went down to 14 percent in May, the yield would be 19 percent. Other means of investment--like the CDT [Term Deposit Certificates]--recognize more than 27 percent. Upac savers left partially because of this situation.

Before the release of the 8.5 billion pesos, the government had introduced a stable adjustment factor in monetary correction consisting of weighting the CDT, a reflection of the interest rates. The correction will rise to 22 percent and the final yield to 27 percent.

The Upac system will regain its competitiveness with other savings sources but it will take 2 or 3 months, according to Gutierrez Castro. The four points of the collection were released to avoid additional liquidity difficulties for the corporations and to give them time to increase their resources.

The monetary authority approved two additional measures at the request of the corporations:

- 1) Computation of the resources on which the collections will be applied will be made on sums of the previous day, not on the amount at the time the bank closes. The application of the collection to the computation of resources at the time of daily closing was difficult because some corporations have night hours and because they have offices in distant cities which does not allow for timely information.
- 2) The monetary correction will not take into account an increase in deposits to pay for these credits granted by the Bank of the Republic with the objective

of taking care of drops in deposits. The correction or inflation adjustment on deposits in this case raises the figures of the deposits but not because there has been new revenue. The correction was counted as a new deposit to take care of commitments due to a drop in deposits. The corporations asked to review the matter and the Monetary Council agreed. When deposits drop, the corporations resort to FAVI [Savings and Housing Fund] created by the government and administered by the Central Mortgage Bank.

Gutierrez Castro said: "These measures and the release of the four points of the collection are a good answer so that the Upac system recovers its normal course."

Inflation, Recovery

The minister made special reference to the fact that the government has met the inflation goals: 20 percent for the first year and 14 percent for the second. This 14 percent was supposed to be recorded last October and was reached 5 months earlier, in May.

Foreign Credit

The minister gave special importance to the credits signed by the public sector between July 1983 and July 1984 (including what is ready to be signed): \$1,246,000,000.

The national government contracted \$311 million to buy airplanes and equipment for the FAC [Colombian Air Force], national investments, navy equipment, reconstruction of the University of Cauca, reconstruction of Popayan and assembly of minipowerplants.

The national government guaranteed credits for \$895 million for Termocerrejón II, agricultural-livestock research, Cerrejon Norte, Betania line (interconnection), Cuestecita substation, coal exploitation, Ciudad Bolivar in Bogota, Salvajina hydroelectric plant and waterlines and sewers in small cities.

Contracts not guaranteed by the national government totaled \$40 million for Covenas-Cartagena and Ayacucho oil pipelines, Lorica or Corozal substation, purchase of excavators, television equipment, substations for Urrea, wire for the ICEL [Colombian Electrical Power Institute], substations for the Corelca system (Atlantic Coast), pipes for Campo Casabe (oil) and other pipelines.

According to the minister, additional credits of about \$1 billion will be signed soon for the FEN [National Electrical Financial Enterprise] (hydroelectric and thermal energy), small and medium industry, substations, telephone, aqueduct, sewage system and equipment for the CVC [Regional Autonomous Corporation of the Cauca Valley].

7717

CSO: 3348/461

GOLD CONSTITUTES 44.4 PERCENT OF INTERNATIONAL RESERVES IN MARCH

Bogota EL SIGLO in Spanish 8 Jun 84 p 9

[Text] At the end of March 1984, gold represented 44.4 percent of the international reserves of the country. This is equivalent to \$1,093,000,000, according to Hugo Palacios Mejia, manager of the Bank of the Republic.

In a report on gold purchases by the issuer and the economic and social bases for this measure, Palacios Mejia noted: "This metal represented 10 percent of the international reserves in December 1980, 35 percent last year and 44.4 percent at the end of March 1984 when gross reserves reached \$2,461,800,000."

He stated: "Although it is true that foreign prices for gold have tended to go down recently, making mining less attractive, it is necessary to point out that sales to the bank were also declining, apparently as a result of the action of intermediaries and the flight of the metal abroad.

"This began to develop when the price of the dollar on the parallel market rose higher than the official price. Under these circumstances, the acquisition of gold by individuals and its sale abroad permitted them to acquire foreign currency to sell internally on the parallel market and to pay for illegal imports. It was obvious that immediate and effective measures were needed to combat these practices, especially in a situation like now when it is more urgent to protect the international reserves of the country.

"Keeping in mind the above, the Monetary Council adopted Resolution 6 in February. As was already indicated in previous notes, it authorizes the Bank of the Republic to acquire the metal from producers at prices that again stimulate activity, discourage sales to intermediaries and, therefore, eliminate gold smuggling."

More Assets

"In that way, international assets are strengthened and employment in some of the poorer areas of the country is better paid."

The manager of the bank added: "The special exchange account for which gold purchases and sales are made does not lose at all with the established system. The gold that is acquired with pesos will be sold later, eventually in hard

currency, when the gradual devaluation has produced revenue to amortize the price that was paid. The reserves will be increased with assets that, with the tendencies that existed, would have been deflected more and more toward illegal markets."

With respect to the participation of gold in international reserves, Palacios Mejia stated:

"Since there was an imbalance in the exchange balance, it is necessary to resort to the reserves to pay for those expenditures in foreign currency that are not covered by revenue. It is obvious, therefore, that different components of the reserves must be liquidated: deposits, investments, gold, special drafts. The relative difficulty of operating with gold and the rapid increase of the exchange deficit with the necessity of disposing of more liquid assets in order to finance it made it acquire a very high percentage weight within the total reserves.

"In effect, gold has gone from 10 percent of the reserves in December 1980 to 35 percent 3 years later. At the end of March, it reached 44 percent. This is similar to the situation that prevailed at the beginning of the 1960's although the drastic changes in the function of the precious metal, in its price and, therefore, in its value within the reserves make it impossible to draw valid conclusions by simple comparisons between the two situations.

"In any case, it is not possible or appropriate to maintain a structure of reserves like that of March 1984 for long within the context of an imbalance in the exchange balance."

Exploitation

INGEOMINAS [Geological-Mining Research Institute] has begun a vast program of geological exploration to find gold in the country. A pilot program for the mining of precious metals has been formed.

The director of the institute, Alfonso Lopez Reina, reported that this fulfills the government guidelines to intensify the search for gold for subsequent exploitation and use.

This gold program is part of the "change with equity" development plan that the state has begun. One of its paragraphs indicates: "The state, through INGEOMINAS, with international cooperation and in association with national enterprises must advance an aggressive program of exploration, particularly for basic metals."

Colombia is the third largest gold producer in Latin America and the seventh in the world.

It has large potential areas of the precious metal throughout the Andean zone, mainly in the Cordillera Central and Cordillera Occidental and the rivers on the Pacific coast. This includes the departments of Antioquia, Caldas, Quindio, Risaralda, Choco, Tolima, Huila, Cauca, Narino, Sucre, Cordoba and Guainia.

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CSO: 3348/461

AGRICULTURE MINISTER DISCUSSES AGRARIAN DEVELOPMENT PLAN

Bogota EL ESPECTADOR in Spanish 7 Jun 84 p 11-A

[Text] The government will undertake a complex program to return to the countryside. This will include bills to socialize the agricultural-livestock sector of the country. They will seek the recovery of 513,196 hectares that have not been cultivated in recent years and the production of food that has to be imported now.

Gustavo Castro Guerrero, minister of agriculture and livestock, made this announcement. He explained that the new operating mechanisms will involve economic and productive factors like land, credit, supplies, prices, research and transfer of technology and the rural social system (migration, health, education, training, organization, employment, nutrition and housing).

The agrarian development plan will be integral. It will be aimed at combatting the accelerated decomposition of the countryside and the transfer of livestock to border zones and eliminating the in-depth causes for the deterioration of the sector at the beginning of this decade.

Eliminate Evils

The government effort will be aimed at improving the living conditions of the rural population, ill-fated due to lack of clear criteria, administrative inefficiency and inoperative frameworks of development that led to recession in the countryside.

Between 1975 and 1982, CEGA [Livestock Bank Center for Studies] revealed that the production area financed with credit from the Agrarian Bank, the Agricultural-Livestock Financial Fund and the DRI [Integral Rural Development] program decreased by 513,196 hectares.

According to OPSA [Agricultural-Livestock Sector Planning Office], production costs increased significantly. The country went from importing 415,000 tons of food to 1,162,000. This translated into a shrinkage in demand for manpower that left 157,350 people unemployed.

There are now conflicts over the control of land, violence affects vast peasant areas, insecurity threatens medium and big businessmen and farms are abandoned.

Agrarian Policy

Minister Castro Guerrero visited EL ESPECTADOR yesterday and delivered the texts of the main bills that will be sent to the next session of congress. He explained the context of the programs for this sector.

He noted that these measures try to encourage a debate on the living conditions of the rural population and the main features of a social agrarian policy.

He added that he will try to achieve agreement about the essential points of the /program to return to the countryside/ [in italics] and reorient the instruments of productive development in order to combine them with social intervention in "a challenge to effectively achieve a new work focus with everyone's participation."

Productive Stimulus

The strategy combines intervention in three areas: peasant production, conflicts over land and the well-being of the rural population.

The first point will be aimed at the peasant population in small production zones, farms of less than 20 hectares, through the DRI program. Its small geographic and populational coverage is recognized so complementary measures will be passed.

The mechanisms to confront this situation will be reduction of interest rates in those lines of credit of the Agrarian Bank whose users are small producers and the presentation to CONPES [National Council for Economic and Social Policy] of a Development Policy for Peasant Women to insure greater efficiency in female production.

The Institute for Integral Rural Development will be created to transform the DRI program into a decentralized institute. A development policy will be designed for associative forms and cooperativism and the work focus of the Peasant Organization Division of the Ministry of Agriculture will be reoriented to stimulate unionization of the small peasants by type of product.

Land Conflicts

The government states that the processes of land distribution must be carried out according to the law to guarantee the stability of the farms adequately exploited and to affect uncultivated lands and give title to all the wasteland.

The general orientation of the Agrarian Reform will not be affected but the procedures to take over and acquire farms by INCORA [Colombian Institute of Agrarian Reform] will be expedited and the process of reversion to the state of uncultivated or poorly exploited lands will be intensified.

There will be greater precision in the qualification criteria for exploitation of the farms, powers will be extended to INCORA to acquire land more quickly in rehabilitation zones and exploitation contracts with sharecroppers to

increase the production of foods and the revenue of the rural worker will be encouraged.

The laws on land adjudication and titling will be amended and the parcels will be adjudicated to men and women as heads of household, insuring that the wife has first option as beneficiary in case the contract expires.

The National Fund for Rural Acquisitions will improve its operational conditions. The transfer of lands that the bank entities of the sector have received in payment will be financed by INCORA while everything will be complemented by a Land Adaptation Plan directed by HIMAT [Colombian Institute of Hydrology, Meteorology and Land Adaptation] to expand the agricultural borders.

Rural Well-being

As instruments of rural social development, the problems of peasant housing and access to social services by wage earners will be solved.

A Rural Housing Plan will be designed with different entities executing three fronts of action: improvement of isolated housing, construction of homes and improvement of housing for workers on large farms that use credit from the Agricultural-Livestock Financial Fund.

Part of the resources from employer contributions of the primary sector to the Agrarian Bank for family subsidies must be invested in social programs that permit payment of part of the subsidy in services.

Rehabilitation Zones

The program of rehabilitating zones affected by violence must be developed in accord with the instruments of the new agricultural-livestock policy.

The goals are recovery of production in the areas covered by the National Rehabilitation Plan, the reincorporation to civilian life of those granted amnesty and the improvement of the social conditions of the inhabitants in those zones.

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CSO: 3348/461

AGRICULTURE MINISTER ANNOUNCES INCREASE IN MEAT EXPORTS

Bogota EL TIEMPO in Spanish 3 Jun 84 p 7-B

[Article by Josefa Gutierrez]

[Text] Barranquilla, 1 Jun--The minister of agriculture, Gustavo Castro Guerrero, announced here to a group of about 100 livestock breeders and agricultural leaders that meat exports to Spain, Peru, and the Netherlands Antilles "are much in evidence." He also said, though, that business must make efforts to make this trade more competitive.

Castro Guerrero, Fernando Gomez Moncayo, the general manager of the ICA [Colombian Agricultural and Animal Sciences Institute], and a delegation from the EEC [European Economic Community] yesterday set in motion a sanitation plan for the Atlantico and Bolivar departments, called "the Island," in order to set up a quarantine zone from which Colombian meat exports will be shipped in the future.

A week ago, the minister of agriculture concluded negotiations on Colombian meat for the Venezuelan market, and the general manager of COMEGAN [expansion unknown], Alvaro Araujo Noguera, worked out with the Venezuelan officials the amount of the transaction, which is initially to be up to 4,000 tons.

Castro Guerrero termed the establishment of a zone free from foot-and-mouth disease extremely important for the economic revitalization of the livestock production sector, as it will help to boost exports to areas such as Martinique and Guadeloupe, for which negotiations are now in progress with the EEC mission.

Sources close to the ministry of agriculture explained that at present talks are in progress with other countries in order to conclude arrangements and begin meat shipments in approximately 30 days. The Soviet Union and Peru have previously purchased meat from Colombia.

Specifics

"The Island" consists of the Atlantico department and towns in the northern part of Bolivar department, north of the Digue Canal, covering an area of 475,363 hectares, with a cattle population of 627,106 animals on 6,016 farms.

This area has traditionally been considered free from foot-and-mouth disease, and since July 1980 no such cases have been diagnosed there.

The minister of agriculture surveyed the livestock situation in Colombia in recent years, stating that a variety of factors have caused the sharp decline in the real prices paid for livestock and meat products to persist.

The two factors Mr Castro Guerrero cited are: the devaluation of Colombia's currency, and foot-and-mouth disease.

"The devaluation problem was handled in two ways: first, by the improvement in the exchange disparity, which has been one of the major achievements of our economic policy; and secondly, by the creation of a standard foreign trade law, enabling us to readjust the CERT [expansion unknown] for meat exports from 15 to 25 percent, and ultimately to 35 percent."

Actions

The minister said that meat exports to Peru will resume very soon, and exports to the Netherlands Antilles will increase. He reported on what was accomplished in Cartagena barely a week ago, and announced a trip to Spain next week to conclude negotiations for a barter arrangement. In addition, he explained that the proposals made to the Soviet Union "are proceeding well."

On this topic the minister noted that "prospects today are very much improved, and we are going to make a strong showing in Colombia's exports this year."

The second factor the minister mentioned was foot-and-mouth disease. He said that to combat this problem, a disease-free zone has been created, and "the Island" meets the necessary conditions. "This zone has, or even better, forms in itself, a natural barrier against this serious problem in Colombia."

7679

CSO: 3348/456

OSPINA FORECASTS RECOVERY WITH HIGHER COFFEE EXPORT EARNINGS

Bogota EL TIEMPO in Spanish 7 Jun 84 p 12-D

[Article by Jose Suarez: "Colombia Expects \$2 Billion More in Coffee Sales"]

[Text] The crisis of the foreign sector of the Colombian economy is coming to an end. The government foresees an immediate recovery on that front as a result of the higher foreign currency revenue for coffee exports. These could be over \$2 billion this year.

Revenue of \$1 billion to \$1.2 billion in foreign loans and another \$250 million in foreign investments is also expected.

The government states that the drop in international reserves will be contained at \$2 billion. Possibly they will increase in the second half of this year.

The prospects open to Colombia in the foreign sector do not take into account the contingency of a frost in the coffee production zones in Brazil. This would make the future of that sector even better.

Jorge Ospina Sardi, chief of National Planning, told EL TIEMPO: "The trend in the foreign sector is reverting. The way is clear for a rise in coffee prices and there is a radical change that the country has not yet noted."

However, Colombia must pay \$1.9 billion in foreign debt service (interests and capital) this year. This represents 39 percent of the total revenue for exports of goods and services. That percentage indicates a notable deterioration in the Colombian foreign debt coefficient but the situation is manageable, according to this top official.

He stated that the foreign debt reaches \$10.9 billion now compared to \$4.2 billion in 1978. The increase in that debt (private and public) is due to the massive entrance of credits in 1980 and 1981.

At the same time, Ospina Sardi maintained that Colombia has consolidated its image abroad. However, the Andean norms on foreign capital are not sufficiently understood. They have considerably slowed down possibilities for foreign investment in the country.

After a tour through nine countries promoting investment in Colombia, he said that it will be necessary to amend three aspects of Decision 24 of the Andean Group, especially concerning the transformation of foreign capital enterprises into mixed corporations.

Debt Coefficient

The head of National Planning cited figures showing that the coefficient of the Colombian foreign debt service has increased in recent years. This reflects the part of the foreign currency revenue that must be allocated for the payment of that debt--both interests and capital--and its behavior is one of the indices that international banks handle.

He explained that this coefficient on the income of the balance of payments was about 28 percent in 1983. It is estimated that it will be about 39 percent on the income from exports of goods and services this year.

In 1977 the figure was about 14 percent but it doubled in 1981 and 1982. However, it is still small compared to other Latin American countries: Argentina, 149.4 percent in 1983; Brazil, 82.4 percent; and Mexico, 59.3 percent. The average for Latin America was 64.6 percent last year.

He indicated that the deterioration is due to three factors: drop in revenue for coffee exports and exports of services and high foreign debt in the 1979-1982 period. These credits, contracted mostly with private banks with a term of 2 years, are being paid back now.

In his opinion, that coefficient can waver between 38 percent and 40 percent from now until 1986.

This official revealed that the situation is manageable, especially when the foreign sector begins to improve because of coffee prices.

He estimated that the greater revenue from coffee exports can be more than \$300 million without considering probable frosts in Brazil.

He stated that the prospect in the gold market "is not bad" and pointed out that "there is interest in Colombian coal."

Ospina Sardi repeated that the coffee behavior "brightens the situation of the foreign sector in 1984."

He complained that this change "is seen abroad more than in the country" and indicated that reserves can even increase in the second half of the year. He called the foreign financial situation "brighter."

Concerning the behavior of the foreign debt, he indicated that it was \$4.2 billion in 1982. It went to \$9.6 billion in 1983 and it is \$10.9 billion in 1984.

As to implications that the increase in the debt coefficient can have for Colombia, he stated that, with proper handling, there will not be any problems

nor will the foreign credit of the country be affected. He said: "The only problem is the private debt." He recalled that the government already adopted a formula to solve this.

Foreign Investment

As to the possibilities of attracting more foreign investment to Colombia, he said he was satisfied with the results obtained in the tour he just made through the United States, Japan, Korea, the United Kingdom, Switzerland, Germany, Italy, Spain, France, the Netherlands and Sweden.

The government decided to establish a permanent promotion system in those countries through the offices of PROEXPO [Export Promotion Fund] and the embassies.

He defined that stage as a type of "Consultation Group" for the study of projects that will then be crystallized by the businessmen.

He revealed a type of Foreign Investments Plan that includes foreign currency revenue of \$250 million for 1984, \$350 million in 1985 and \$400 million in 1986.

Probable investors asked for clarity concerning the restrictions of the Andean Statute on Capital and the process of transformation of mixed enterprises in Colombia.

7717

CSO: 3348/461

BRIEFS

AGROINDUSTRIAL PROGRAM WITH ITALY--The governments of Italy and Colombia have signed an agroindustrial cooperation agreement amounting to 128 million pesos, to generate jobs in food production in different regions of Colombia. Horacio Lince Calle, director general of COFIAGRO [Agriculture and Livestock Development and Exports Financing Corporation], indicated that Italy will provide 87 million pesos toward this program, and the Colombian government, by means of its national budget and a FONADE [National Development Projects Fund] credit, will invest 41 million pesos. The project will be carried out in three phases. The first will include the preparation of an agroindustrial census in order to determine on a nationwide basis the infrastructure of existing enterprises. The second phase is an attempt to analyze, in cooperation with the ministry of agriculture, the agroindustries that should be given priority for prefeasibility studies. The third phase will locate and carry out the projects recommended in different parts of Colombia. [Text] [Bogota EL TIEMPO in Spanish 2 Jun 84 p 7-B] 7679

CORVETTES FROM FRG--President Belisario Betancur will receive two new corvettes in Cartagena today. They were acquired by the government in an effort to modernize the national navy. The corvettes were built in the shipyards of Kiel, FRG. They are similar to their twin sister "Almirante Padilla": equipped with surface-surface missiles, antiaircraft guns, fire-control radar, two Sam missile mounts and modern waste water processors. Each unit also houses helicopters for horizontal pursuit and reconnaissance of antisubmarine operations. The new units of the national navy were christened ARC "Caldas" and ARC "Antioquia" in honor of these departments. The sponsors were Bertha Quintero de Camacho, wife of the former minister of defense, Luis Carlos Camacho Leyva, and the first lady of the country, Rosa Helena Alvarez de Betancur. They went to Kiel, FRG, with the navy commander, Vice Adm Tito Garcia Mota, at the beginning of May to receive the corvettes from the German Government. A fourth unit, the ARC "Independiente," will arrive at the port of Cartagena in July 1985 under the command of Capt Jorge Beltran Gutierrez. [Excerpt] [Bogota EL SIGLO in Spanish 8 Jun 84 p 16] 7717

ARMANDO HART ANNOUNCES FUTURE INTELLECTUALS' MEETINGS

Havana GRANMA WEEKLY REVIEW in English 10 Jun 84 p 8

[Text]

● BUDAPEST (PL). — Cuban Minister of Culture Armando Hart called on socialist intellectuals to take up an offensive of historical magnitude in the present-day ideological struggle.

Speaking at the 12th Meeting of Ministers of Culture of Socialist Countries in Hungary, he drew attention to the need to take concrete measures to bolster the socialist intellectuals' role — particularly that of young intellectuals — on an international scale.

While pointing out that the socialist countries should not ignore their bourgeois cultural heritage, he stressed the need to strengthen ties with the underdeveloped countries of Asia, Africa and Latin America and to establish a solid alliance with their intellectuals.

He recalled that, for geographic and historical reasons, Cuba has had the opportunity to know, assimilate and evaluate the various elements that make up so-called Western culture and continues to observe its evolution, particularly with reference to Latin America.

He drew attention to the growing influence exerted by ethnic minorities in the United States — especially those of Hispanic origin — on the general evolution of U.S. culture. It was a phenomenon worthy of study, he said, given its political significance and the new artistic values to which it has given rise.

A critical study of Western art and literature, of all its forms and techniques, may contribute to the enrichment and development of our own culture and allow for our own unwavering policy of principles to be better carried out, he said.

Socialist intellectuals, he declared, should establish close links with democratic and progressive intellectuals in the capitalist countries who are opposing the forces of reaction, in Latin America and the Caribbean in particular, because such rapprochement could never be achieved through state agreements.

Special attention needed to be paid, he added, to the intellectual movement in Latin America, where large sectors have expressed their support for democratic and revolution-

ary processes, as in the case of Nicaragua, El Salvador and the Cuban Revolution itself.

The Cuban minister also drew attention to the influence the scientific-technical revolution has had on the development of art and culture and the resulting unprecedented rise in the level of general and specialized education among certain sectors of the population.

If socialism represents the ideas of modern man, he said, technological realities must also be taken into account as one of the determining factors in the large-scale spread and dissemination of art.

Warning against the simplism and the banal as a rule engendered by mass participation in art in the capitalist countries, he described the possibility of making culture accessible to the masses as a challenge that neither art nor socialism can ignore.

In the face of contemporary bourgeois expressions of ideological and cultural decadence, he said, the only valid revolutionary response is to work toward an increasingly effective presence of art in relation to technology.

He touched on how the quantitative growth brought about in the intellectual sector by the scientific-technical revolution had given rise to a mass phenomenon that was qualitatively different from the situation of intellectuals 50 years ago.

As a result, he said, the intellectual sector now extends to strata of the population close to the working class, because the intellectual worker — in both developed capitalist and socialist countries — works alongside the manual worker, each influencing the other.

Thus we must analyze the role of modern-day intellectuals in a different light from that of decades ago and these are problems that must be approached in depth by the intellectuals of the socialist countries, whose ideological formation is that much more advanced.

To this end, he added, the Ministry of Culture of Cuba is sponsoring three major events to be held in Havana, two in 1985 and one in 1986.

[Havana GRANMA in Spanish 16 May 84 p 5 in a similar article adds: The first will be a meeting of creative and intellectual young socialists; the second, a meeting of specialists in Latin American affairs from socialist countries; the third, a meeting of socialist intellectuals supporting peoples struggling for national liberation.

The objectives of these events, he concluded, will be: to establish closer relations among socialist intellectuals; to study the ways to link them to democratic intellectuals in general; and to open a broader offensive for peace and against imperialism.]

CSO: 3200/36

ARCHBISHOP OF HAVANA ON GOVERNMENT AID TO CHURCH

Havana GRANMA WEEKLY REVIEW in English 27 May 84 p 12

[Interview with Monsignor Jaime Lucas Ortega Alamino, archbishop of Havana, by Milagros Oliva in Havana; date not specified]

[Text] Reports on his trip to northeastern United States in response to invitation by U.S. bishops. Preached to Spanish-speaking priests on a retreat. Talks also about French Bishop Monsignor Jean Vilnet's visit to Cuba.

● *DESPITE THE blazing sun the morning was brisk. We crossed the broad Havana Sea-front Drive and entered the narrow streets of Old Havana. We were headed toward the old colonial mansion of the archbishopric of Havana. The building, which was constructed in 1850, was receiving final restorative touches.*

The purpose of our visit was to interview Monsignor Jaime Lucas Ortega Alamino, archbishop of Havana, for publication in Granma Weekly Review.

Monsignor, tell us about your recent visit to the United States and your contact with Hispanic parishioners residing there?

My contact was with Spanish-speaking priests who work with Spanish-speaking parishioners living in northeastern United States (New York, New Jersey, etc.).

My trip was in response to an invitation by U.S. bishops to speak before Spanish-speaking priests on a six-day retreat.

Fifty priests attended — Spanish and Latin American — who are permanently assigned to areas where Puerto Rican, Mexican, Dominican and in general Latin American working people live — people who went to the United States in search of work.

It was interesting to learn about the work of the priests with Spanish-speaking communities, the work they do to conserve Hispanic cultures, considering the Catholic Church as part of those cultures.

It is an important and difficult work, because conserving this culture in a totally different environment is very difficult and because U.S.

culture is very diffuse. Irish people, Italians, Native Americans, and so on, live there.

It was the first time I attended that kind of event. We would give four sermons every day and then in the evenings there would be discussions so that we could familiarize ourselves with the priests' lives, their work with groups of workers, employees, individuals with modest resources.

During my visit there I stayed at the Bishop Molloy Retreat House, in Jamaica, New York, although I also visited other places.

I went to San Atanasio, a Puerto Rican parish in Bronx, New York. It was interesting to see in such a different cultural environment the conservation of a style of life such as would be common to any Latin American country, in a modest neighborhood. It was an interesting experience.

In the United States I was received by Javier Pérez de Cuéllar, UN secretary-general, with whom I spoke for an hour. I explained to him the position of Cuban bishops regarding problems of the area, and I told him that the UN could help resolve this conflict.

French Bishop Jean Vilnet, president of the Episcopal Conference of France, recently visited Cuba and met with representatives of the Cuban government. What is your appraisal of Vilnet's visit to Havana?

Monsignor Vilnet's purpose was twofold. The first was the most traditional: to visit a sister church. In this case, Cuba. And to see its reality. He had extensive, broad contact with the Catholic Church in very few days. He celebrated mass in churches in Havana, Santiago de Cuba, Camagüey and Sancti Spiritus.

The Episcopal Conference of France sponsors the Catholic Committee in Struggle Against Hunger and for Development (CCFD). At the request of UNESCO, the Committee gives aid to schools for the handicapped — visually impaired, deaf-mute, mentally retarded, physically impaired, etc. The aid comprises necessary learning materials for the development of these children and includes special machines, audiphones, rehabilitative apparatuses, and so on.

In a five-year period the CCFD expects to contribute materials to the value of five million dollars through collections made in France during Lent among all French Catholics. This aid will go to Cuba, Vietnam, and some African countries.

Monsignor Vilnet came to meet with those involved with this plan in Cuba, not on economic terms, but terms of friendship. He visited the Aguilera Maceira school for the handicapped, the President Allende teacher-training school and the Eduardo García Delgado technological institute. He spoke with Minister of Education José Ramón Fernández and was gratified at the special opportunity to meet with Dr. Carlos Rafael Rodríguez. His visit was very significant given the long history of the French Church.

There was a great deal of understanding and cordiality in the conversations. Monsignor Vilnet is an affable, unassuming man who speaks very clearly. Very important topics were addressed. We can say that the climate was one of understanding and cordiality.

He left with a very good impression of our people and of our churches, as he indicated to Prensa Latina journalists.

He was surprised to find a living church and to see mass held to churches full of not only elderly but also younger and middle-age people. He felt the joy and vitality in the singing, the expression of the Cuban people.

I think he was pleasantly surprised at this and he said as much.

I think he expected something else and that's why he was so pleasantly surprised.

He expressed his gratitude to the Cuban authorities — the minister of education and Dr. Carlos Rafael Rodríguez — and said that he was very highly pleased with his talks with them.

I suppose that it is often thought that the churches in Cuba are empty, that only the elderly attend; certain clichés develop. This was not his experience at all. There was no special call for the faithful to attend; it was a Sunday parish mass held at the usual time.

Monsignor Vilnet was happy to see everyone doing something in the society.

Taking advantage of this opportunity to talk

with you, I think it would be interesting if you could tell us about some of the recent activities of the Catholic Church.

I am the archbishop of Havana. In speaking of Havana one speaks of Cuba and in the capital, for social and economic reasons, we've received a great deal of help in repairing some of the churches.

The state has taken on the very expensive repair work of churches which are genuine historical and artistic monuments such as the Cathedral and Espíritu Santo Church.

Without state cooperation it would not have been possible to repair Nuestra Señora del Carmen Church, at the corner of Infanta and Neptuno Streets.

The archbishopric of Havana has been able to continue restoration work with the cooperation of the state.

When I became archbishop I spoke of the concept of the Church. And the experience of the reality of the Church dictates expressing what the Catholic Church is in a way that it is understood that it should not be reduced to the equivalent of all those who comprise the hierarchy or clergy, but rather that the Church, according to the 2nd Vatican Council held in Rome in the '60s, is the people of God. The Church is all those who adhere to the Catholic faith.

Therefore we can say that the Church is the Catholic part of our people.

As this is being understood, Catholics are becoming involved in the efforts, struggles and the day-to-day activities of the people as a whole. This is something that is happening more and more, especially with the new generations of Catholics.

The life of the Church in Cuba in the future depends on how much Catholics, as well as everyone in Cuba, including the authorities, are aware of what the Church is. That it is not only bishops and priests, but rather that it encompasses the entire Catholic people.

It is necessary that Catholics recall the 2nd Vatican Council and realize that the Church is nothing more than the Catholic part of the people of which they are a part.

For Catholics, it is fundamental that the people in general and the authorities come to have this vision of them.

After ascertaining the information and opinions expressed by the archbishop for our readers, we bade him farewell; but not after having toured this beautiful mansion in historical Old Havana that has been declared a part of World Heritage.

TRANSPORTATION COOPERATION WITH SPAIN

Havana GRANMA WEEKLY REVIEW in English 3 Jun 84 p 3

[Text]

● MADRID (PL). — Major of the Revolution and Vice-President of the Councils of State and of Ministers of Cuba Guillermo García Frías said his country is politically desirous of expanding economic cooperation with Spain.

The Cuban vice-president, who is also minister of transportation, told Prensa Latina that he had been very well received by the Spanish authorities during his first official visit to the country.

"We are prepared to cooperate and the Spanish government sees scientific, technical and economic cooperation favorably from every viewpoint," he said.

He reported that he and the Spanish minister of transportation would sign a document setting forth the terms of bilateral cooperation. This, he added, would mark the end of his visit.

According to the Cuban leader, the experts were putting the finishing touches to the document at the time.

He advanced the information that Cuban and Spanish high-level technicians in the railroad branch would work and study in each others' countries.

This would be the first exchange of specialized personnel between Cuba and Spain in transportation, he pointed out.

He said that Spanish engineers will travel to Cuba to organize railroad repair facilities there, while in maritime affairs two-way cooperation is contemplated: repairs to vessels and conversion of hulls into scrap iron for recycling.

For the first time, he added, Cuba will have a center to produce scrap iron, and it will be operating shortly.

He concluded by saying he had officially invited the Spanish minister of transportation, Enrique Barón, to visit Cuba.

QUILLERMO GARCÍA MEETS WITH SPANISH MINISTER OF INDUSTRY AND ENERGY

MADRID (PL). — Cuban Vice-President Guillermo García Frías met here on May 24 with Carlos Solchaga, Spanish minister of industry and energy.

The ministers had very useful talks, members of the Cuban delegation said, where they discussed the possibilities for bilateral cooperation in the field of transportation in general.

CSO; 3200/34

PCC DELEGATION VISITS SPAIN

Havana GRANMA WEEKLY REVIEW in English 3 Jun 84 p 3

[Article by Andres Escobar Soto]

[Text]

● MADRID (PL). — A Communist Party of Cuba delegation headed by Jaime Crombet, member of the Central Committee Secretariat, is visiting this capital and the interior of the country at the invitation of the Communist Party of Spain.

Crombet, accompanied by Julio Ballesta, of the Central Committee's General Department of Foreign Relations, met with Dolores Ibárruri, ("La Pasionaria,") president of the Communist Party of Spain.

"Dolores Ibárruri is a symbol of the international communist movement. My meeting with her was deeply moving and stimulating," he said.

He went on to describe how he found her as always, "full of fighting spirit, passion, revolutionary fortitude and enthusiasm," and how, on conveying to her the greetings of Fidel Castro, first secretary of the Communist Party of Cuba, she had returned them with evident affection and emotion.

The delegation, which includes Magaly Gozá, political adviser to the Cuban Embassy in Spain, also met with Simón Sánchez Montero, member of the Executive Committee and Secretariat of the CPS; Santiago Álvarez, member of the

Central Committee; José María González Jerez, member of the Executive Committee; Leonor Borneo, member of the Central Committee; and Damián Pretel, head of the Party Central School.

The various themes of mutual interest discussed in the meeting included relations between the two communist parties, the development of the Cuban Revolution, the work of the CPS and the current situation in Spain.

The delegation headed by Jaime Crombet was welcomed at CPS headquarters by General Secretary Gerardo Iglesias, with whom relations between the two countries were discussed and information exchanged on the work being done by the respective parties.

Crombet and Iglesias also exchanged views on the international situation in what was a fraternal and friendly meeting.

Likewise, the Cuban delegation met with Enrique Curiel, deputy general secretary of the CPS, and Francisco Romero Marín, member of the Executive Committee and Secretariat.

The program organized for the visitors included a tour taking them to Andalusia, Asturias, Cataluña, Salamanca and Toledo, as well as the capital.

CSO: 3200/34

FORUM FOCUSES ON COOPERATION WITH NORDIC COUNTRIES

Havana GRANMA WEEKLY REVIEW in English 27 May 84 p. 12

[Article by Nidia Diaz]

[Text]

● AN INTERNATIONAL Forum on Nordic Countries' Foreign Policy on Development and Cooperation was held in Havana May 9-11 under the aegis of the Western Europe Studies Center. The aims of the nongovernmental event were to exchange views to increase Cuban agencies' knowledge of the Nordic countries and vice versa, and to establish new channels of exchange and cooperation in different fields for mutual benefit.

The forum was attended by 44 Nordic guests who were not representing any institution and 116 Cuban delegates. The point was not to discuss practical matters concerning Cuba's multilateral relations with Nordic countries since there are established official channels for this purpose.

Twenty-eight Cuban agencies, among them the ministries of culture, education, sugar industry, fisheries, public health and transportation and the Chamber of Commerce presented papers of their history, development and outlook. The papers were given in work sessions and the guests chose to attend what was of particular interest to them.

The opening speech was given by José R. Fernández, vice-president of the Council of Ministers, minister of education and president of the Cuba-Nordic Countries Friendship Association.

"What gives this forum exceptional importance in my opinion," he said, "is that it will make manifest a significant degree of affinity — given current historic circumstances and international relations, and geographical, population and other factors — between our country and the Nordic countries."

"Cuba is proud to be a socialist country. And in the Nordic area there are diverse political trends. Nevertheless, in spite of the fact that they are countries with relatively small populations, Cuba, Finland, Denmark, Norway and Sweden make their mark on the course of international events."

"These are not the only reasons, however, for the increasing climate of mutual respect, cooperation and empathy between the Nordic countries and Cuba, especially in the last few years. The modern history of the Nordic countries, the way their respective national states were formed and the particular organization of their economy have not only made them alien to colonial policies but have led them to adopt a policy very much of their own in their relations with the Third World countries."

"Cuba, a country whose history is being written day after day in great feats in work and patriotic spirit by a people who are humble but proud of their new destiny, reiterates to you its wish to engage in a common effort to find the ways and means for our relations to

continue developing and taking firm strides forward in the field of mutual cooperation."

Other speakers in the course of the forum were Héctor Rodríguez Llompatt, minister-president of the State Committee for Economic Cooperation, and Antonio Núñez Jiménez, deputy minister of culture.

The foreign guests attended cultural activities and visited many places of interest. They were invited to tour historical and recreational spots on the Isle of Youth at the invitation of local People's Power, and spent a weekend on Varadero Beach.

The speeches made by the guests revealed the interest with which they followed the forum. Many praised the initial idea and suggested that it should be held regularly to strengthen the links of cooperation between the Nordic countries and Cuba. The possibility of opening a Nordic House in Old Havana as a center of cultural and social exchange was also discussed.

Without a doubt the forum was a success in terms of increasing our knowledge of the Nordic countries and vice versa, and will certainly lead to closer relations.

CSO: 3200/33

MONETARY, EXCHANGE RATE POLICY ANALYZED

Guatemala City PRENSA LIBRE in Spanish 6 Jun 84 Economic-Financial Supplement
p 1

[Text] Juan Carlos Simons, the director of the Center for Socioeconomic Studies, has made important suggestions to the government of the republic concerning the country's exchange rate policy.

Simons analyzes the worsening monetary conditions in our economy.

Simons has the following to say in this regard:

The issue of monetary policy is unquestionably of major importance in the workings of the nation's economy, and the measures that can be taken in this sphere must be effective to put our economic house in order.

The deterioration of our economy is obvious when we analyze it from a monetary standpoint. Currency is one of the main economic indicators that help us to assess and forecast events. The imbalance between the demand for and supply of foreign exchange has resulted in an ongoing devaluation that the government has stubbornly refused to acknowledge. The entire population knows, however, at present that the claim that one dollar equals one quetzal is completely out of touch with reality.

The discussion in this regard has brought out the simplistic notion that the devaluation is the result of a government decision, when events in other countries have shown us that a devaluation is so unpopular that if governments could prevent it just by saying "no," they would.

We must clearly realize that the laws of economics govern economic activity in spite of the intentions of technocrats. As time goes by, it is an increasingly proven fact that the measures they have proposed are not working.

We should recall that when exchange controls were applied in our country, they were called temporary and the claim was that they would affect only transfers of capital, never import transactions. Recent history shows that what our economic authorities denied from the outset has

gradually come to pass. Today, the credibility of any government in this regard is quite low, not to say nonexistent.

Moreover, the various mechanisms that have been created have not only not achieved the results that it was said they would, but they have further hampered normal exchange procedures.

The complete failure of the system of essential items and quotas is obvious, as are the adverse effects that it has had on the citizenry in general. We believe that now is the time for new methods of tackling the current crisis, methods based on logical, pragmatic premises.

Only by facing the facts and letting our currency float can we resolve the country's monetary problem once and for all. Nevertheless, since the current temporary administration is not in a position to leave this sort of decision to a constitutional government, a short-term solution to the foreign exchange problem could be found merely by strictly enforcing the monetary law.

The "emergency regulations for international transfers," the second part of the monetary law, took effect in April 1980.

These regulations established exchange controls. Article 1 of this second part, which corresponds to Article 37 of the Monetary Law, reads: "These regulations shall be applied only in periods of economic disruption, provided that they are enforced in the manner and under the conditions stipulated in this law." The fact is that the regulations have not been enforced in the manner and under the conditions that the law indicates.

The government's economic authorities have never indicated that the measures they have taken are temporary; rather, they have established additional and tighter restrictions that would seem to be permanent. There are no indications that would lead us to believe that these measures are temporary. If they, in fact, are, we have never been told how long they will remain in effect. Furthermore, Article 42 of the law says the following about the application of the exchange restrictions:

"They are prohibited, in particular, from being used as permanent measures to avoid fundamental economic adjustments required by lasting changes in the comparative levels of production prices and costs in the country and abroad."

The current regulations are unquestionably being used to avoid adjusting comparative domestic costs to comparative overseas costs.

The emergency regulations mention a market for foreign exchange earmarked for essential payments; it is included in Section 9, Articles 55 to 61 of the Monetary Law. Section 10 deals with the bids market that ought to exist under these regulations.

Although it is true that there is a listing of essential goods, it includes all tariff items. All imports have been classified as essential, which is not in keeping with the spirit of the law. The bids market has not been created because there is no list of articles that have not been classified as essential.

Article 62 reads: "The foreign exchange balance that remains after the essential payments referred to in the previous section have been covered, will be allocated to meeting overseas payments for nonessential and deferrable imports and whatever other nonessential remittances the Monetary Board determines."

What this implicitly means is that a certain percentage of foreign exchange should be used to purchase "essential" imports while another portion is earmarked for the bids market. Furthermore, if we connect this with Article 52, which states that the Monetary Board can establish that a percentage of export-generated foreign exchange will be channeled into the Banco de Guatemala, then we can clearly see that the emergency regulations are not being applied as the law stipulates.

Ever since the emergency regulations have been in force, all export-generated foreign exchange has compulsorily gone into the Banco de Guatemala, and essential items are all imports, governed by an obsolete, poorly designed, cumbersome and contradictory quota system that has proven to be completely inefficient.

Furthermore, Article 70 deals with the foreign exchange that is regarded as "unencumbered," specifying in Clause e that the difference between the percentages mentioned in Article 52 consists of these unencumbered foreign exchange funds. Section 11 deals in its entirety with a decontrolled foreign exchange market that does not currently exist.

In addition, Article 78 allows changes of any sort, stipulating that the Monetary Board can "partially or totally relax whatever exchange restrictions have been implemented under the provisions of the second part of this law."

The government would also be able to earn additional income from "the exchange permit fees" mentioned in connection with the bids market in Section 10.

In view of the above, we propose that the government:

1. Establish what imports are truly essential (petroleum and debt payments, for example), instead of referring to the current list of essential imports, and abolish the system of import quotas;
2. Set the percentage of export-generated foreign exchange that will be turned over to the Banco de Guatemala, leaving the rest for a bids market, as provided for in Article 52 of the Monetary Law;
3. Establish the decontrolled foreign exchange sales system mentioned in Section 11 of the Monetary Law.

ENERGY, MINES MINISTER EXPLAINS OIL POLICY

Guatemala City EL GRAFICO in Spanish 16 Jun 84 p 5

[Text] Guatemala City, 15 Jun--Energy and Mines Minister Alejandro Contreras has laid bare the country's actual oil industry situation. Oil will not be, as was initially thought, the panacea that will save the country's economy, and much less will we be able to achieve self-sufficiency in this fossile fuel.

The minister painted the following picture of oil industry activity in the country.

Oil exploration has been adversely affected since 1981 by the following factors:

- 1) Oil prices fell about 18 percent from 1981 to 1983;
- 2) The economic recession and the conservation measures by consumers created a worldwide oil glut (idle production capacity) of more than 15 million barrels a day;
- 3) Although it has been proven that Guatemala has geological conditions conducive to exploration, major discoveries have not yet been made (they are not being ruled out, however);
- 4) The previous Petroleum Law (Decree 96-75) was not well suited to attracting new investment, given its economic provisions and the changes in market conditions.

In addition to the drop in prices and the idle production capacity of the major oil companies, the political and military instability in Central America further discouraged new investment in Guatemala.

New Hydrocarbons Law (Decree 109-83)

The economic provisions of the new Hydrocarbons Law provide for sufficient flexibility to make venture capital investments profitable because they take into account our geological conditions, the types or grades of oil, domestic exploration costs and the need to compete with other countries that are also seeking to attract capital.

Though it offers flexibility and greater profitability, the Hydrocarbons Law cannot offset negative factors such as:

- 1) The lack of interest on the part of many companies in investing money in exploration (venture capital) when they have idle production capacity;
- 2) The Central American conflict, which has not only caused a massive flight of domestic capital but also dampened interest among new investors.

It is biased as well as irresponsible to call the Hydrocarbons Law a failure, inasmuch as the following can be said about it:

- 1) It has laid the economic and legal groundwork for continued exploration (drilling) in Area 1;
- 2) If the results of the exploration in Area 1 are positive, the new arrangement sharply lowers the level or rate of marginal or uneconomical production; this also applies if the contractors find medium- or low-grade oil;
- 3) In contrast to recent years, large and small companies have approached the ministry in the past weeks to ask for legal and geological information;
- 4) Inasmuch as other new laws have not yet been enacted, we can reasonably assume that the people leveling vague criticism at them do not know what they are talking about;
- 5) The government has not yet issued any call for bids, and thus the current law, unlike the previous one, cannot be described as a failure.

The Energy and Mines Ministry realizes that:

- 1) The country does not have the capability to explore the subsoil for oil on its own and must attract overseas capital;
- 2) Oil exploration and development must be regulated and promoted with a view towards benefiting the entire nation, not just interest groups and certain individuals;
- 3) The oil glut, low prices and the political and military crisis in Central America are temporary, unlike a poor contract, which has a life of 25 years;
- 4) The unfounded and irresponsible attacks on the new law are detrimental to the government, and therefore to the country, because they weaken its position during the current phase of the negotiations with the existing contractors;

5) Attempts have been made to create a negative image of the ministry by portraying it as opposed to oil investments and as an enemy of the oil firms;

6) As the conversion contract negotiations enter their decisive phase, a new campaign will be launched over the coming weeks to weaken the government's bargaining position by discrediting its oil policy, its Hydrocarbons Law and the authorities in the Energy and Mines Ministry who are in charge of fossile fuels exploration and development.

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CSO: 3248/694

MONETARY COUNCIL APPROVES FARM, HOUSING LOANS

Guatemala City LA RAZON in Spanish 16 Jun 84 p 4

[Text] Carlos H. Alpinez Perez, the president of the Banco de Guatemala, reported this afternoon that the Monetary Council yesterday approved a monetary, exchange and credit policy for the June-December 1984 period. The policy calls for extensive credits for the country's production sector, especially farming and livestock raising. A total of 145 million quetzales has been allocated for loans to the production sector, 70 million of which will come from domestic funds and 75 million from the industrial recovery program funded by the Banco de Guatemala and the IDB.

He reported that under the previous line of credit 25 million quetzales in loans were granted for cotton growing, 17 million for coffee growing, 11.4 million for the rescheduling of overdue farm loans, 5 million for housing, 75 million for manufacturing activities and 12.7 million for other activities. He indicated that the support from the central bank, together with the backing that private banks will provide, will give the economy the financing it needs to spur a recovery.

He also indicated that arrangements were approved so that bank funds can be reapportioned for the benefit of the borrowers who need them.

He added that the interest rates on loans and deposits would remain the same, that is to say, 12 percent for loans and 9 percent on deposits.

Alpinez noted in addition that the Monetary Council approved arrangements to make it easier for the private sector to secure overseas financing by dealing directly with foreign banks. The loans will be repaid with the portion of the export earnings that they make outside the Central American area. The proceeds will be used to pay for imports of agricultural and industrial inputs. He also announced that additional loans are expected soon to shore up the country's balance of payments, and therefore it is not out of the question that exchange restrictions will be loosened somewhat.

Lastly, Alpinez stressed that one of the main decisions that the Monetary Council made was to keep the quetzal-dollar exchange rate stable.

DEVELOPMENTS IN PARTY POLITICS REPORTED

Jagan on CATHOLIC STANDARD, WPA

Georgetown MIRROR in English 20 May 84 p 3

[Article by Cheddi Jagan in the column Straight Talk: "No Future for Pragmatism and Rightist Opportunism"]

[Text] Anti-communism is rearing its ugly head once again. When Maurice Bishop was alive, President Ronald Reagan charged that he was exporting 'the Marxist virus.' Now that he is dead communism is being put on trial. The Coardites are deemed 'hardline communists' who would stop at nothing to attain their ends.

In Guyana, the Catholic Standard is coming out of its covers and joining the anti-communist crusade. The socialist countries are being attacked. The latest diatribe was against socialist Bulgaria.

Recently, the Catholic Standard pressured the Working People's Alliance (WPA). It has taken on the role similar to that of the Reagan administration. For the latter, the PNC is the target: push it further to the right. For the Catholic Standard, the target is the WPA for the same objective: push it further to the right.

Anti-Communism

In its February 12, 1984 issue, the Catholic Standard pressured the WPA: say what you are; are you Marxist-Leninist (Communist) or social-democratic?

The WPA replied, but the answer was somewhat garbled. Maybe the Party did not want to appear to be somersaulting.

The answer did not satisfy the reactionaries. So David de Caires entered the fray. He is basically pro-capitalist, pro-imperialist and anti-communist. He proceeded in the Catholic Standard (26/2/84) to counterpose communism to democracy, taking the CIA propaganda line that socialism/Marxism-Leninism (scientific communism) is not democratic, and by implication capitalism and imperialism are democratic.

This is a distortion of the truth. I cannot debunk it in this short article, but it will be done later.

Class Dictatorship

Answering de Caires, the WPA fell in line. Instead of dealing with the question scientifically, historically and dialectically, as it is equipped to do, it came out with an anti-Marxist position. It said:

"The WPA is not working for and does not support any kind of dictatorship—whether or persons, or a class, a grouping of classes, a party or a set of parties."

This is not scientific. It is one thing to talk about personal dictatorship; it is another to talk about "class dictatorship. In its Programme TOWARD A REVOLUTIONARY SOCIALIST GUYANA, the Working People's Alliance stated that the aims of the revolution are: 'the transformation of the economy on scientific lines; the authority of the revolutionary classes and strata under the veto of the working class.'

Marxist-Leninist science teaches that 'class dictatorship' exists in a bourgeois (capitalist) a transitional (petty bourgeois, bureaucratic and military strata) and a proletarian (working class) state. 'Dictatorship of the proletariat' is a specific form of state rule at a particular period in the revolutionary process, the transition period from capitalism to socialism. In essence, it is a higher type of democracy than bourgeois democracy (dictatorship of the minority capitalist class) since it has replaced the rule of the minority capitalist class by the majority working class and its allies, the peasantry (farmers) and other non-proletarian strata of working people. This revolutionary process evolved as in the Soviet Union into a socialist democracy, a state of the whole people.

Social Democracy

The WPA is clearly retreating under pressure not only from the Catholic Standard, but also, probably, from the Socialist International, to which it has become affiliated after its Draft Political Programme of 1978.

The Socialist International (SI) at the top leadership level is basically anti-Marxist-Leninist, anti-communist. On tactics, there are differences with US imperialism. But strategically on major questions, the principal right-wing social-democratic parties in the SI are aligned with imperialism. In the Caribbean, Tom Adams' social-democratic Barbados Labour Party of Dominican Republic and some others are aligned with the USA.

No doubt pressures have caused the WPA to rationalise its 1978 programmatic political/ideological position when it had stated that (1) it was Marxist-Leninist (2) imperialism was the main enemy of the Guyanese people (3) the PNC regime was the instrument of imperialism (4) the Guyana revolution must have 'an anti-imperialist and socialist focus.

In 1978, the labour/socialist anti-imperialist tendency in its petty-bourgeois leadership was dominant. There was a clearer perspective. This brought the WPA politically close to the PPP at that time.

Rightist Retreat

Now, the WPA says the 1978 Programme was only a Draft, and it had not been ratified by a Congress. This is clearly a rationalisation for a retreat to the Right. The anti-labour, pro-capitalist tendency in the petty-bourgeois duality seems to be on the ascendency. That is probably why the WPA is now emphasising that it is not anti-American, that liberation movements must not carry out a crusade against imperialism, and conservative elements must not carry out a crusade against socialism.

This is a hodge-podge, eclectic, neither fish-nor-fowl position, similar to the PNC. It virtually corresponds to the PNC's 'equidistant from the two super-powers' non-aligned position.

In 1978, L.F.S. Burnham had said that he was 'a Marxist, a Co-operative-Socialist and a Christian.' Is Fr Malcolm Rodrigues, a member of the WPA Executive Committee, and the Catholic Church, pushing the WPA to give it a non-Marxist Christian image? And is Eusi Kwayana who with Bertie Nicholson was the brain behind 'co-operative socialism' moving the Party towards democratic socialism, which was the PNC's position before it embraced 'co-operative socialism' in 1970?

Marxism-Leninism

The Catholic Standard (May 6, 1984) reported that a membership meeting on April 14-15 unanimously passed a motion moved by Clive Thomas and seconded by Rupert Roopnairine 'for the WPA to reconsider and reformulate its original programme.' The process of revising the Programme and approving it must be completed within a year.

The WPA is clearly moving to an opportunist position like the PNC when in opposition in the early 1960s. That party had made itself acceptable to imperialism and its local allies as 'the lesser of 2 evils.' But look where the if-you-can't-fight-them-join-them attitude has landed Guyana under a PNC regime placed in power by Anglo-American imperialism! This country, like Brazil, Bolivia and the Dominican Republic where the USA also intervened in the early 1960s, is in serious trouble.

The progressive labour/socialist and anti-imperialist tendency in the WPA must fight to push the Party back to its 1978 position. There is no future for Pragmatism and rightist opportunism either for the WPA or Guyana.

De Caires Reply to Jagan

Georgetown CATHOLIC STANDARD in English 27 May 84 p 4

[Text] In his weekly column "Straight Talk" in the Sunday Mirror of May 2- Dr Jagan comments on some recent articles and correspondence in the Catholic Standard.

He states that the Standard is "coming out of its covers and joining the anti-communist crusade."

He argues that the Standard is attempting to push the WPA to the right and has taken on a role similar to that of the Reagan administration with the PNC.

He states that "David de Caires entered the fray. He is basically pro-capitalist, pro-imperialist and anti-communist" and is "taking the CIA propaganda line that socialism/Marxism-Leninism (scientific communism) is not democratic and by implication capitalism and imperialism are democratic."

He concludes that the WPA has under pressure retreated from the Marxist-Leninist position of accepting the need for the dictatorship of the proletariat in the transition from capitalism to socialism.

The tone of the article is propagandistic, distressingly unsympathetic or insensitive to the issues of democracy raised in the correspondence and in the final analysis, trivial and simplistic.

It is hard not to conclude that trying to have a dialogue with Dr Jagan would be like trying to argue with a fundamentalist Christian about the literal validity of the Bible. An argument, too, in which any deviation from fundamentalism is seen as the work of Lucifer.

But can we really accept that Cheddi is an unreconstructed Stalinist in the year 1984?

Ignoring international developments (Kruschev's revelations at the 20th party congress, the Soviet invasions of its satellites, Eurocommunism) has he survived thirty years of politics in Guyana, the last twenty in opposition, without ever speculating on the inadequacies of the fundamentalist Marxist/Leninist model, which he continues to put forward with such egregious confidence and purity, both from the standpoint of democracy and its usefulness as a tool of analysis.

We cannot argue the toss here between Marxism-Leninism and democratic socialism,

What is upsetting is that Dr Jagan has ignored the subject of the debate in the interest of making propaganda points.

I would, however, like to put two questions to him, as I believe they raise succinctly the issues dealt with in the Standard articles he was referring to.

The first concerns the Grenada debacle.

Did the PPP support the Coard faction which, according to its own criteria, appeared to take a purist Marxist-Leninist position and purged the Bishop faction on the grounds that it was revisionist and backsliding?

As I understand, that was the Soviet position (it was certainly that of Trevor Munroe) but I do not recall the PPP making a statement on this issue.

The second concerns the political situation in Guyana.

How can people accept that the PPP is committed in the long run to multi-party democracy, free elections, an independent press and the other formal freedoms of Western Style democracy in the light of their uncritical and almost servile admiration of the record of Marxist-Leninist parties in other countries which have come to power?

WPA Resistance Policy

Georgetown DAYCLEAN in English 26 May 84 pp 1, 2

[Excerpts] Speakers at WPA meetings have been telling the crowds that the the party needs \$7000 a month keep up the campaign for food and freedom. To help, people have been giving what they can--often without any notice that a collection will be taken.

At all of these public meetings important policy statements are being made by the various speakers. At Golden Grove Brother David Hinds touched an issue concerning every Guyanese when he said:

"In this battle to free ourselves from the Burnham dictatorship, people are telling us that the only way is by force of arms. We have to admit that that is one way to free yourself. But the WPA has no arms and the people have no arms. The only people with arms are the government, their supporters and the bandits."

He referred to Brother Eusi Kwayana's statement of two years ago that if the WPA and the parties of the opposition had arms there would be no PNC dictatorship.

"We don't have arms and we are not looking for arms. We cannot sit down and fold our arms because that situation will not change. We have to use what we have. We can use our minds and our bodies to carry the struggle for free and fair elections all over Guyana and the world outside."

Another of the main speakers at the public meetings to deal with the peaceful nature of the fight was Brother Kwayana. He said that the struggle must be carried out in such a way that everybody abroad will know that Burnham is lying when he says that the PNC government faces an armed attack in Guyana.

Brother Kwayana referred to the fear of socialism among the Guyanese people. He said that the WPA understands that fear. Since 1979 the party declared that the struggle in Guyana was to allow people to choose a government, to rebuild the economy of the country and to decide what changes they wanted to make. The WPA is strongly opposed to pushing socialism or any other system down the throats of the people. Hungry people want food, he said, and people under a dictatorship first of all want to win back the freedom they have lost.

In a statement issued this weekend, the WPA explained what the party considers to be the main outside factor that keeps the dictatorship alive up to now. By shifting and shuffling while talking out of both sides of his mouth, Burnham has managed to get the approval of the socialist nations of the world--without earning the disapproval of the non-socialist world.

The statement says that Guyana behaves as though it is progressive abroad so that its backwardness at home will be overlooked. The WPA is totally against the support being given to the PNC regime by the socialist nations.

At the Kitty meeting Brother Kwaya explained why popular speakers like Clive Thomas and Rupert Roopnaraine were not on the platform at this time. Both brothers are abroad exposing the dictatorship and explaining how it seized power.

PNC Membership Cards

Georgetown NEW NATION in English 27 May 84 p 1

[Text]

All membership of the People's National Congress ends Thursday unless membership cards are renewed following the amendment to the constitution of the People's National Congress at the recent Special Congress of the Party.

The renewed membership cards should in addition to the other regular information, carry the number of the People's Co-operative Unit in which the member lives.

Cde Joseph Drakes of the Department of Regional Affairs and Public Welfare of the Party explained that some of the membership cards issued earlier this year may not have the PUC number of the member and

those cards would therefore become invalid.

Holders of such cards should return them to the Secretariat of the People's National Congress via the Party Groups, he said. Membership dues are \$8 annually.

Prior to the amendment to the constitution of the PNC membership cards expired one calendar year after the card was issued. This therefore resulted in a slightly confusing system which sometimes saw members overlooking the renewals.

With the new system renewals become regularised and a member need not examine his card to confirm the date of renewal. Membership expires on May 31 of any year.

PNC-Cuban Communist Party Talks

Georgetown NEW NATION in English 3 Jun 84 p 1

[Text]

The delegation from the Communist Party of Cuba that visited Guyana last week was the first to use Congress Place for Party-to-Party discussions. Central Committee Member and Chairman of the sub-committee for National Orientation and International Relations, Cde Ranji Chandisingh has observed.

Speaking at Wednesday's formal closing session on the discussions between the visiting delegation and officials of the People's National Congress, Cde Chandisingh said relationships between the PNC and the CCP have, from the inception, maintained the momentum from strength to strength.

"This is indicative of the appreciation of the peculiar circumstances in which our two parties are setting about constructing Socialist societies", he added.

Cde Chandisingh noted that the discussions took place against a background of "darkening clouds of imperialist aggression" in our region, and the agreements reached represent the recognition of

the imperative of unity which must be fostered among progressive forces in the Latin American and Caribbean region.

"The agreement we have reached would facilitate the observation of the processes now underway in our two countries and would allow us to adopt and adapt those methods which would be useful for the development of our individual societies", he said.

The response by the Guyanese people to the demands by the International Monetary Fund is an indication of a continuing determination on their part to pursue the goal of national self-reliance in "defence of our sovereignty and independence", he added.

And replying to Cde Chandisingh, head of the visiting delegation, Cde Ursinio Rojas, said that there are great opportunities for the further increase in relations including economic relations.

He said the visit by his delegation was intended to increase, as far as possible, Cuban contribution to Guyana which is struggling to maintain its independence. It was also intended to strengthen the existing relationships between the two countries, he added.

During the visit, the delegation held discussions with the other arms of the People's National Congress and met with leading government functionaries, including the speaker of the National Assembly, Cde Base

PNC-Cuban Exchanges

Georgetown NEW NATION in English 3 Jun 84 p 3

[Text]

Following the Party-to-Party talks with the visiting delegation from the Communist Party of Cuba, agreements have been reached in the areas of training, the holding of seminars and workshops, and exchanges of personnel.

Members of the two political parties and their arms may exchange visits for conferences and congresses of the

respective parties and for training in the field of political studies after the agreements have been ratified.

Plans are already underway to ensure PNC representation at the Conference of Progressive Parties in the Caribbean scheduled for next month. The PNC may also be attending the Third Congress of the Communist Party of Cuba next year.

And the Cubans promise

to send delegates to the forthcoming convention of the Women's Revolutionary Socialist Movement and to the congress of the Young Socialist Movement, both of which are scheduled for August.

The agreement also includes proposals for the PNC to help with the publication of Cuban literature, in English, for distribution to the English-speaking Caribbean.

PPP Central Committee Actions

Georgetown MIRROR in English 3 Jun 84 p 2

[Text] The Central Committee (CC) of the People's Progressive Party met on May 26-27, 1984 and discussed a wide range of issues vital to the welfare of the nation. The C.C. took a number of decisions pertaining to strengthening the Party, stepping up its ideological and propaganda work, and mobilising the people for the struggles ahead. Deep concern was expressed by C.C. members over the aggressive role of imperialism and its lackeys within and outside of Guyana. These reactionary forces are to be combatted resolutely.

New appointments were made by the C.C. including naming a new Secretary for International Affairs. The new appointee is Clement Rohee who has replaced Janet Jagan, the holder of the post for many years. Janet Jagan has been named Executive Secretary. Also appointed were 4 new C.C. members who filled vacancies on that body (highest body between Congresses) and 3 new candidate members to the C.C.

The Central Committee before it commenced its work, observed a one-minute silence as a mark of respect to a former C.C. member, Rekhadeo Chowbay, who died in a road accident last month.

Main Thrust

The main thrust of the discussions at the C.C. meeting pertained to the economic, social and political crises, and the urgent far-reaching changes which ought to be brought about in Guyana. The Party is considering the possibility of embarking on certain new initiatives in an effort to deal positively with the crises, while at the same time delivering firm unequivocal and devastating rebuffs to the carping anti-communist forces in the country.

The C.C. members laid the full blame for the shambles in the economy squarely on the shoulders of the inefficient and anti-democratic PNC government which is insensitive to the needs of the people who are suffering great hardships. It was noted that this abysmal failure of the government is the major factor giving a bad name to socialism and nationalisation, and fuelling the fire of the right-wing campaign in collaboration with US imperialists designs on Guyana.

In its planned efforts to extricate the country from the toils of the crisis, the Party intends to step up agitation for the implementation of relevant parts of its 17-Point Proposals submitted to the PNC government since 1976, but has not been implemented, to the detriment of the nation.

IMF Discussed

In dealing with the ailing economy, time was also devoted to discussing the IMF and its absurd proposals, which if implemented by the vacillating PNC administration, will trigger greater hardships on the masses, and cannot guarantee national economic recovery. The IMF is seen by the PPP as a tool of US imperialism designed to suppress the working class and to shore up capitalism around the world, with disastrous consequences including grave disorders. The latest example of the Dominican Republic was used as a dramatic illustration.

In a report delivered to the C.C. by the former International Secretary, the war danger was highlighted, and the arms race instigated by the USA was denounced. US imperialism was identified as being primarily responsible for worldwide tensions and the massive nuclear weapons build-up and deployment now in progress. The C.C. members supported the idea of a freeze on nuclear weapons manufacture, testing, and deployment as the prelude to total nuclear disarmament.

Focus on Central America

Discussion also focused on Central America and the Caribbean where US military manoeuvres in the area follow each other in rapid succession creating a serious threat to Nicaragua, threatening the stability of the hemisphere, and propping up the rotten murderous ruling class in El Salvador, and Guatemala. The unpardonable rape of Grenada in 1983 was also recalled.

The C.C. also reviewed the progress so far achieved in the implementation of the decision of the 21st Party Congress held in August 1982. An overall assessment was made considering that the theme of the Congress was: Strengthen the Party; Defend the Masses; Liberate Guyana. This slogan still holds firm in 1984.

Much attention was paid to the trade union scene, and the PNC dominated Trades Union Congress came in for scathing criticism for failing to adequately defend the workers against the government onslaught. Increased wages, an end to shortages of consumer goods, the rising crime rate, etc. were all issues dealt with and which are due for greater attention and agitation from the Party at various levels.

CSO: 3298/936

PPP ORGAN SCORES REAGAN POLICY IN CENTRAL AMERICA

Georgetown MIRROR in English 3 Jun 84 p 2

[Editorial] The address by President Reagan on May 9th outlined the US government's hard line on Central America. It doubtlessly sets out another doctrine in relation to the countries of the Western Hemisphere south of the USA and enunciates in even stronger terms those of Truman and Johnson.

The Truman Doctrine expressed in the Rio Pact of 1947 aimed at bringing all the Latin American countries together to fight communism from within as well as from without and no doubt was an influential weapon in propelling the British into suspending the constitution in British Guiana in 1953. It led the next year to the invasion of Guatemala and the deposing of President Arbenz. The Truman Doctrine also led to the setting up of the Organisation of American States (OAS) which was envisioned as the instrument for the fulfillment of the Truman Doctrine.

The Johnson Doctrine, that the USA has the right to intervene in any country "threatened by communism" led to the invasion of the Dominican Republic in 1965, the last overt military intervention in Latin America until the invasion of Grenada last year. The Johnson Doctrine evolved out of the Kennedy strategies which led to the aborted invasion of Cuba, known as the Bay of Pigs, and the CIA fomented destabilisation of the PPP government of the sixties.

Now the Reagan Doctrine expresses the view of the Kissinger National Bipartisan Commission on Central America that if the USA does nothing, or continues to provide too little help, the choice will be a Communist Central America with communist military bases and communist subversion spreading southward and northward. This is in effect Reagan's "doors-step" doctrine, that Central America is on the USA's doorstep, that San Salvador is closer to Houston, Texas than Houston is to Washington DC, that the communist subversion poses a threat that some 100 million people from Panama to the southern border of the USA could come under the "control of pro-Soviet regimes."

President Reagan gives high flown language to his threats. He proclaims that his mission is to promote "democracy and economic well-being in the face of Cuban and Nicaraguan aggression, aided and abetted by the Soviet Union." Reagan falsely assures the American people in his May 9th address

that there are definitely no plans to send American troops into combat in Central America. At the same time, he is spending millions of dollars from American taxpayers contributions to send military hardware and advisors to fight the El Salvadorean freedom fighters and training "contras" to invade Nicaragua. US taxpayers' money goes into hiring mercenaries to do for the American military establishment what US soldiers did to Grenada.

The US has consistently intervened, either overtly or covertly in the affairs of Latin America and the Caribbean. It talks about preserving democracy, but pulled down the democratically elected government of Salvador Allende in Chile and in our own case, operated with the British to bring down the democratically elected PPP government. In Chile, from the democratically elected government of Allende the Chilean people now are oppressed under the fascist dictatorship of General Pinochet. In Guyana, from the democratically elected government of the PPP, we have one rigged election after another and the people suffer from the severe economic chaos created by the government which the destabilisers put in the place of the PPP--the PNC regime.

Where is the "democracy" President Reagan talks about? Why is he seeking to eliminate the revolutionary government of Nicaragua which ousted the fascist dictator Somoza yet pays no attention to the fascist military dictatorships of Honduras, Paraguay and Haiti? So much for Reagan's pious references to 'democracy' and the 'protection of liberty' as he seeks to destroy, one by one, the progressive governments of Latin America and the Caribbean!

President Reagan closed his May 9th address with the words--"We Americans should be proud of what we are trying to do in Central America, and proud of what, together with our friends, we can do in Central America to support democracy, human rights and economic growth, while preserving peace so close to home. Let us show the world that we want no hostile communist colonies here in the Americas; South, Central or North." He can be assured that a very great number of Americans are ashamed of the US 'big stick' policies in Latin America and the Caribbean. Few are fooled by the fork-tongued references to democracy and human rights. The peoples of this region must answer with a resounding 'No' to the Reagan Doctrine!

CSO: 3298/936

PAPER QUESTIONS GROWING NUMBER OF CHINESE ON COAST

Georgetown OPEN WORD in English 21 May 84 pp 1, 2, 3

[Text] An advertisement about the loss of a People's Republic of China passport by a Chinese restaurateur in Guyana carried in the SUNDAY CHRONICLE came to the attention of the OPEN WORD committee.

The loss of this passport and the notice about it carried in the press has confirmed for the first time that the new restaurant keepers who have established a host of new enterprises in Guyana are from the People's Republic of China.

OPEN WORD has been approached on this matter before, but because the immigrants are a racial minority, OPEN WORD has refused to comment on them--since others may be tempted to make them a kind of target.

OPEN WORD will be the first to defend our guests against any such badmindedness. In general, Guyanese feel the same way. On two occasions reported to us, Chinese were attacked, once by a market constable and once by a choke and robber. The strangers gave a good account of themselves with the support of the public. People are not against the bullies of the state being punished for offensive behaviour, nor do they approve of the choke and rob attacks on citizens going about their business. This is a positive development.

Though OPEN WORD is against a racial discussion of the Chinese newcomers, it is more and more interested in the timing and the purpose of their arrival in Guyana.

OPEN WORD is also interested in what appears to be an agreement for population transfers between the People's Republic of China and Guyana--an agreement, moreover, about which nothing has been said by the state to the population. Now that they can be seen as persons enjoying the protection of a well equipped embassy and, it would appear, of the government of Guyana, they can be discussed.

The Guyanese masses have long suspected what OPEN WORD just learned from a state-owned publication--that the new restaurant keepers come from the People's Republic of China, a country with which the USA, through President Reagan, has recently sealed relations. The people also suspect them of

having military significance. Many declare that they are all well trained soldiers, and surely, if they come from the People's Republic of China, they will all be trained in military arts. People are of the opinion, since they are spreading themselves along the coast in all the populated areas, and have no difficulty in finding money or getting permission to operate--that they are serving, or are intended to serve, the purposes of the ruling party.

It is very unfair to the Chinese to either invite them here or bring them here, deploy them along the coast and leave the population to guess about their presence. Knowing full well the ambitions of the ruling party to control the population, OPEN WORD thinks it is high time an official statement is made.

The persons we have seen appear very strong and able-bodied. Yet the paradox is that they all follow exactly the same occupation, the keeping of restaurants. Are we building up a caste of restaurant keepers? Is this the best use we have for foreign business acumen? And what is the relationship and understanding between them and the government?

Guyanese have complained of not being permitted to open similar enterprises. The rents being offered by the newcomers, particularly in the country areas, have been interpreted by some citizens to mean that business is not for them a primary interest.

Many strange things have happened in little Guyana. Jim Jones was established here and the blame for his presence fell on the wife of the President of the USA. Rabbi Washington came and is established here--and the Head of State who has big embassies abroad has attempted to blame Mr Eusi Kwaya for bringing him to Guyana. Now the new food handlers are coming in. Why have they been chosen to come and live in a country regarded by the majority as a dictatorship?

Since the new Chinese citizens are coming as part of an organised immigration scheme, the country wants to know whether they are politically indentured or not.

And they too should demand that their organised presence be fully explained.

CSO: 3298/936

ACTIONS ON LABOR FRONT INVOLVE UNION OFFICIALS

Fine for Tennessee

Georgetown CATHOLIC STANDARD in English 27 May 84 p 4

[Text]

GUYANESE citizen Paul Tennessee was fined \$1,250: on May 3 last for bringing with him into the country G\$40: without entering it on his currency declaration form.

He had at the same time brought in and declared US\$896:

Tennessee, who is President of the opposition Democratic Labour Movement, denied that he had Guyana currency on him when he entered the airport.

He had, he said, obtained local currency to pay duty on goods he had brought with him, as the Customs did not accept American money and had allowed him to go outside to get the required sum.

A young member of the DLM swore that he had given Tennessee the Guyana dollars and another that he was present at the time when

the money was given.

Magistrate Burch-Smith reportedly rejected their evidence on the grounds that they were young and were members of Tennessee's party.

The Magistrate also accepted the Prosecutor's argument that the police who were waiting to arrest Tennessee would have seen him getting money from the DLM member and would have arrested him as well.

Tennessee was arrested and held for five days and subjected to prolonged questioning with a bag put over his head.

His whereabouts were kept secret and he was brought to Court and charged with the currency offence only after a habeas corpus writ had been obtained from Justice Ramao and served on the Commissioner of Police.

GWU Disciplinary Action

Georgetown GUYANA CHRONICLE in English 29 May 84 p 1

[Text]

THE Executive Council of the General Workers' Union has taken disciplinary action against two of its top officials, one of whom is an Assistant Secretary of the Guyana Trades Union Congress.

Secretary-General of the GWU Alwyn Sinclair well-known as "High Priest" has been suspended indefinitely while the Treasurer Ferdinand Vieira has been dismissed. They have been accused of malpractices.

Cde Vieira has been treasurer of the organisation for about 12 years while Cde Sinclair has been Secretary of the organisation since

1977.

According to a source, at least one of the officers affected has appealed to the TUC to intervene on his behalf.

A TUC official contacted said that no statement at this time could help the situation.

Acting President of the GWU Cde. Maurice Witter said that the Executive Council of the Union has set up a committee to carry out certain investigations and a statement will be issued within two weeks.

Cde Sinclair recently returned from an overseas visit as a TUC delegate.

Pollydore Attack on PNC

Georgetown MIRROR in English 3 Jun 84 p 4

[Text]

CONTRARY to a commitment by the PNC two decades ago to consult the Guyana Trades Union Congress on proposed labour legislation affecting the interest of workers, the Labour Amendment Bill was passed 'without any consultation by the government with the TUC'. Joseph Pollydore told President Forbes Burnham earlier this month.

The TUC General Secretary said the Bill clearly reflected the 'complete lack of that deep reciprocal mutual trust' between Government and the TUC and expressed his Executive's 'concern and disappointment over this development.'

Pollydore said in his letter to Burnham that it was only on the day of the Parliamentary debate that the TUC received

six copies of the Bill. He wrote Manpower and Co-operatives Minister Kenneth Denny, who is also TUC Organising Secretary, just before the debate, informing him that he could not comment on the proposed legislation. Up to the time the letter was written to Burnham, no acknowledgement of the letter was received by the TUC. Further, Denny visited Pollydore on March 18, the day the Bill was introduced in the House, but said nothing about the Bill. Pollydore opined that 'perhaps because he did not feel free nor did he consider it necessary to do so.'

Pollydore said his Executive is considering the new Act, 'concerned with Collective Bargaining which is the very fabric of the trade union movement' and passed 'with not even a modicum of consultation.'

CSO: 3298/937

AGREEMENT SIGNED WITH GDR FOR GRB TO SUPPLY RICE

Georgetown SUNDAY CHRONICLE in English 3 Jun 84 p 16

[Text]

THE desire for continued co-operation between Guyana and the German Democratic Republic (GDR) was expressed Friday as a contract for the supply of rice to the GDR was signed at the GRB's Head Office.

Guyana Rice Board (GRB) General Manager Leon Dundas signed the agreement for two shipments of rice to the GDR in July and September.

The signing of the agreement, which took place in the GRB Boardroom, followed discussions during the week between GRB officials and a visiting trade team from the GDR.

Leader of the two-man team, Guntram Diesing signed the agreement on behalf of the GDR.

At the signing ceremony, Diesing, who is director of the state-owned enterprise, Nahrung, which is responsible for the import and export of grains, expressed the hope for continued co-operation between Guyana and the GDR.

He said the signing of the agreement signalled the first step towards better transactions between the two countries. He noted that rice shipped to the GDR from Guyana was of very high quality despite constraints facing the GRB.

He gave the assurance that on his return to the GDR he will explore the possibility of additional areas of co-operation between the two countries.

Cde Dundas in reply also expressed the hope for continued co-operation with the GDR.

He gave the assurance that all efforts will be made to fulfil the requirements of the contract despite the spare parts constraints facing the GRB.

He also expressed the hope that relations between the two countries grow from strength to strength not only in trade but other areas.

While in the country the team visited two of the GRB's installations and were brought up-to-date with some of the problems facing the industry. (GNA).

PROTOCOL ON MARINE RESOURCES SIGNED WITH CHINESE

Georgetown SUNDAY CHRONICLE in English 3 Jun 84 p 9

[Text]

THE Guyana Fisheries Limited (GFL) and a Chinese firm have signed a protocol which seeks to pave the way for the joint exploiting of Guyana's marine resources.

The protocol was signed by the GFL and the Chinese International engineering corporation for agriculture, livestock and fisheries (Chinese Agricon) in April last during a visit to Guyana by officials of the company.

It provides for the establishment of a joint company in Guyana for the harvesting, processing and marketing of the country's marine resources.

Executive Chairman of GFL Robert Williams explained Friday that details of the proposals for the joint venture are being examined by the two governments.

He said a response is being awaited from China as to the acceptance of the proposals and predicted that the final agreement would be signed shortly paving the way for a Guyana-China fishing company.

The signing of a final agreement will break new ground for co-operation between Guyana and China in the fishing industry.

GFL has already entered into similar agreements with several other foreign companies under which the companies supply trawlers and other equipment and the GFL provides processing, storage and maintenance facilities.

These ventures reflect government's efforts to exploit Guyana's marine resources to generate much needed foreign exchange and provide the nation with fish protein at reasonable prices. (GNA).

ECONOMY FIGHTS SABOTAGE; PRODUCTIVITY REMAINS A CONCERN

Green Attack on Sabotage

Georgetown NEW NATION in English 27 May 84 p 3

[Text]

"Economic sabotage is worse than murder", Central Committee Member Comrade Hamilton Green, Vice President, Social Infrastructure, recently told the residents of New Amsterdam.

Cde Green made the statement appropriately against the background of the smuggling of gold, diamonds, sugar, rice and other local products.

He said, "Persons found guilty of these crimes should be dealt with firmly for, in essence, they are removing the possibility of the country's recovery. People who smuggle gold, sugar and rice are denying us the opportunity to bring in more spares and machinery for industrial and agricultural development and to improve rice production and the sugar industry."

A clear understanding of the effects of smuggling on the economy and the nation enables thinkers, to give him their unequivocal agreement that it is worse than murder. If not stopped it will kill the economy, kill our right to freedom and independence by exposing us to the conspiracies of imperialists and, when thus exposed, challenge the people to stand up and fight the intruders and to kill or be killed.

Coincidentally Justice Massiah, newly appointed Chancellor of the Judiciary. at the swearing-in ceremony was reported to have said that he has set himself the task of helping the State tackle the problem "of the smuggling of gold and the illegal exportation of foreign currency".

Incentive Pay for Workers

Georgetown SUNDAY CHRONICLE in English 27 May 84 p 24

[Text]

PRESIDENT Forbes Burnham yesterday announced that incentives will be paid to bauxite and sugar workers in recognition of their efforts at increased production.

Addressing an Independence Day rally from the balcony of the National Cultural Centre, Cde. Burnham said bauxite workers will receive incentive payouts by the end of June as a reward for having surpassed bauxite production targets for the first quarter of this year.

The sugar industry, he said, has also done "tolerably well" with production exceeding 105 000 tonnes for the first crop — an amount in excess of one year's production of any other Caricom state. Sugar workers, he added, will receive the necessary and appropriate incentives.

Cde. Burnham also reiterated his May Day announcement that government will grant salary increases to all public sector workers who did not receive salary increases in 1982 and 1983. He said discussions on this issue with the Trades

Union Congress (TUC) are continuing. The increases will be retroactive to January 1 this year.

He warned that while those who perform well will be rewarded, sanctions will be imposed against those who do not perform satisfactorily. "This is war and there is no place for the idler", he stressed.

In order to turn around the economy, public corporations, government ministries and agencies will have to perform more effectively, Cde. Burnham said. He explained that while there has been an improvement in the performance of many corporations, others have not performed "within the parameters of their competence."

"Public corporations represent the deployment of resources that belong to the people. These resources cannot and must not be squandered nor must they be stolen with impunity", he warned.

Urging increased production in all sectors, the

President noted: "The fact that we are Socialist does not mean that we do not want and do not need surpluses. Out of these surpluses we shall be able not merely to provide certain services . . . but also to proceed with further development."

And, in a reference to corruption in government agencies and departments, he said special cells have been set aside "for those who believe that public property is common property."

On the present salary negotiations between government and the TUC, Cde. Burnham noted that it is felt in some quarters that government should "deal" with all unions, no matter how small they be.

The court, he said, is free to rule that the Labour Amendment Act 1984 did not give the TUC power to bargain with the Government on behalf of all workers in the public sector. However, were this to happen, new legislation will be passed to give the TUC the necessary authority for the Legislature is the highest court in the land, he said.

"Are we going to spend all our time dealing or are we going to use the body to which all of them (the unions) are affiliated?" he asked.

He urged workers to let the increased wages, once granted, be reflected in serious and greater production. "We cannot have a free ride at any time, let alone this time when the powerful economic interests of the Western world are arrayed against us and are out to crush us." —(GNA)

Final Sugar Crop Figures

Georgetown SUNDAY CHRONICLE in English 27 May 84 p 24

[Text]

THE FIVE remaining operating sugar factories completed processing operations during the week.

The boiling-off process yielded a production of 551 tons which has lifted production to the final crop attainment of 105 161 tons, representing 95,8 per cent of the crop's original estimate of 109 758 tons. Guysuco has expressed satisfaction with this final achievement which is 22,1 per cent higher than the 1983 first crop and 21,1 per cent higher than in 1982.

The crop achievement for individual estates shows Blairmont in the lead position with a 110,1 per cent achievement followed by Albion with 103,9 per cent; Rose Hall 98,5 per cent; Skeldon 98,2 per cent; Enmore 97,7 per cent; Diamond 95,5 per cent; LBI 92 per cent; Leonora 83,2 per cent; Uitvlugt 82,9 per cent and Wales 81,6 per cent.

All factories will now be engaged in their out of crop maintenance programme to be in a state of readiness for the long second crop.

Production Falloff

Georgetown MIRROR in English 27 May 84 p 1

[Text] The productive sector in Guyana has been taking a beating over the past years and in many indicators has shown a sharp decline. Only a few items have shown increases in production. Productivity is generally in the doldrums, but the rice industry shows an increase in productivity where main sector production in the economy is concerned.

--An official document containing statistics from the Guyana government reveals that the area of sugar reaped in 1973 was 97.5 thousand acres, with the yield per acre being 33.4 tons, and sugar yield per acre being 2.7 tons. By 1981 the acres reaped were 116.1 thousand acres with sugar yield per acre being only 2.4 tons. In other words while more canes were reaped, output in sugar was less.

--Where rice is concerned, areas reaped amounted to 229.3 thousand acres in 1973 with yield per acre being 0.48 tons, compared to 1981 of 220 thousand acres with yield per acre being 0.74 tons. This is an increase in productivity by 54.1% representing a boost from 7.6 bags of paddy per acre to 12.4 bags per acre. Government claims in 1984 spring crop to have reached some "25 bags per acre," but the cultivated acreage nationwide has plummeted by some 50% in the interim.

--In the bauxite industry, production in 1971 (when nationalisation took place) was 3.1 million tons. It fell to 2.5 million tons in 1973; 1.6 million tons in 1981; and 1.1 million tons in 1983. This fall is due to inefficiency, disillusioned and angry workers, etc, leading eventually to lost markets.

--For meat production, beef in 1973 was 9.6 m lbs, plunging to 4.6 m lbs in 1981.

--Pork in 1973 was 3.1 m lbs falling to 2.9 m lbs in 1981.

--Milk which was 3.6 m gallons in 1973 fell to 2.7 m gallons in 1976, with no figures given for other years. The milk crisis in 1984 is so acute that a 5 lb tin of powdered milk sells on the black market for \$90 in the City.

--Eggs which were 28.1 million in 1973 reached 48.3 million in 1981. In the last few weeks however, eggs in the City moved from 60 cents each to 75 cents, with the dealers blaming an "acute stockfeed shortage" for the steep price rise. Beef, pork and chicken are \$9 per lb in the City.

--Fish production moved from 29 m lbs in 1973 to 41 m lbs in 1981 while shrimp which was 13 m lbs in 1973 dropped to 6.2 m lbs in 1981. Current fish prices in the markets are exorbitant, while the best of the shrimp catches are exported to earn foreign exchange.

--A lot of rum is being produced, however, even though there has been a drop in the period under review resulting from falling sugar output. From 4.7 million proof gallons in 1973, this item was 3.9 million proof gallons in 1981.

--Copra production which stood at 7.6 m lbs in 1973 fell to 4.5 m lbs in 1981. Indications are that in 1983 this commodity took a further beating owing to poor prices for copra to farmers. These farmers prefer to sell their nuts to middlemen at a much better price. One dry coconut sells for as much as \$2 in the markets today.

--As a result of the plunge in copra output, certain products using copra as a base also fell in output. They are listed in the government document using the years 1973 compared to 1981 as:

Copra meal from 7.6 million lbs to 4.5 million lbs.

Edible oil from 788 thousand gallons to 317 thousand gallons.

Soap on the other hand, rose from 4 million lbs to 5.1 million lbs, but today is so scarce that one tablet of laundry soap sells on the black market for \$5 and over. Soap powder is also sold at incredible prices.

Margarine rose from 2.1 million lbs to 5.3 million lbs peaking in 1980 at 6.4 million lbs. But now this item is very scarce because of input and other problems, selling on the black market at prohibitive prices.

--Stockfeed moved up from 61.4 m lbs to 116.2 m lbs.

--Wheat flour which was 36.6 thousand kilograms (80,520 lbs) in 1973, moved to 34.4 thousand kilograms (75,680 lbs) in 1981, having peaked in 1975 at 40.3 thousand kilograms (88,660 lbs). Government slapped strict

restrictions on wheat flour imports in March 1982, and has been seizing illegal flour and flour products ever since. A brisk trade in smuggled flour is taking place in Guyana.

Government usually maintains annual targets on these items, but for some time now these targets have not been met, with disastrous circumstances for national budget revenue. One of the main reasons for the fall in production in both the agricultural and industrial sectors is lack of incentive to the producers. Wages for workers for instance, are too low, while income for farmers are in too many instances way below cost of production.

Price Hikes for Rice Growers

Georgetown GUYANA CHRONICLE in English 2 Jun 84 p 1

[Text]

RICE farmers and rice millers will from today receive more money for their paddy and rice in keeping with increased prices announced yesterday by the Guyana Rice Board (GRB).

The Ministry of Trade and Consumer Protection has also announced that there will be increases, effective today, in the domestic retail prices for various grades of rice.

The increases to farmers and millers are expected to help boost significantly production in the country's vital rice sector.

According to the GRB, the price increases to farmers and millers amount to approximately 27 per cent and 25 per cent respectively for the various grades of paddy and rice.

The Board explained further that the increases are in accord with the Government's policy of ensuring remunerative prices to producers of agricultural products, in general, but of rice, in particular and are based on a review of their costs of production.

The increases in the domestic retail prices have been adjusted to allow for adequate retailers' margins. And, in determining the level

of the increases, the need for cushioning the effect of the price increases on consumers has been taken into account. This has been achieved by holding down the increase on the most popularly consumed grade of rice to about 61 cents per gallon.

The list of new prices to farmers as well as the schedule of the new retail prices will be published today in an extraordinary issue of the Official Gazette. (See Pg 7. for new retail prices).

Meanwhile, the GRB has also moved to rationalise the domestic sale of rice by identifying specific local private millers as authorised distributors to the local market.

This is intended to help ensure that consumers get the basic commodity at the controlled prices. (GNA).

BURNHAM ACCUSED OF OVERRIDING DEMOCRATIC PROCESS

Georgetown OPEN WORD in English 4 Jun 84 p 2

[Editorial]

[Text] With the swagger of a man who thinks he has a good point, Mr Burnham, head of the sub-legal government of Guyana, boasted on Independence Day how independent of the courts he really was.

His argument ran like this: Parliament is the highest court in the land. So if the courts declare a government act null and void, the ruling party will go to Parliament to set matters right and what the Parliament says is final.

Mr Burnham, a trained lawyer, imagines that this behaviour is within the idea of the "Rule of Law" and thinks he has satisfied all lawful objections. How safe is his ground?

What the PNC Leader announced on Independence Day was a scheme for defeating the judiciary whenever it displeased the government on an important issue. It is also a scheme for undermining the 1980 Constitution drafted by the PNC, if at any time the courts give it an interpretation not in line with the wishes of the ruling party.

This is a new version of the rule: "The king can do no wrong."

The PNC Leader by this declaration can increase the instability of his own government and raise reasonable doubts about the good faith of the State of Guyana. He does not merely raise reasonable doubts. He is declaring that the government will not rule in good faith. In other words, the "rules" are not rules. The ruling party would rather have no law, but since laws are required of a country, well, here are some laws, but only for the record. And don't try to bind us to them because we reserve the right to change them. That is the spirit of Mr Burnham's legal culture.

In 1978 he complained that the constitution was a "patchwork." He made the 1980 constitution. Now he threatens to make it into a another patchwork, by a string of amendments.

Parliament's right to make and to change laws, and to change the law after a court's ruling was never intended to reduce the courts to a farce. It was meant to correct and clarify meanings not intended and laws seen by society as no longer serving the cause of justice.

Mr Burnham makes a mockery of this.

The President's Independence Day statement which will put heavy pressure on the judges is pure political thuggery disguised as jovial clowning.

If Parliament were indeed the highest court in the land, why does it not have the right to impeach a President?

CSO: 3298/936

BRIEFS

PPP SUPPORT FOR JUDICIARY--The Minority People's Progressive Party has assured the new Chancellor of the Judiciary, Keith Stanislaus Massiah, of its "support in his quest to maintain the independence of the Judiciary." The assurance came in a statement noting "with satisfaction" the public declarations of the Chancellor that he will "uphold the independence of the Judiciary and that opponents of the Government should not fear about the administration of justice in Guyana." The PPP described the Chancellor's statement as "an attempt to breathe fresh confidence in the Judiciary." The statement said the PPP recognises that "there are jurists, not lacking in eminence, honour or integrity in our Courts who have guarded against the stream of justice being polluted." However, later in the week-end statement, the PPP expressed dismay at the Chancellor's hint in relation to stiffer penalties for economic crimes such as gold smuggling and the illegal exportation of foreign currency. "Punishment alone does not eradicate the crime. The root causes have to be identified and radically uprooted," the PPP argued. The Party also called on the new Chancellor to "be as vocal" on the need for anti-corruption integrity legislation. [Text] [Georgetown GUYANA CHRONICLE in English 29 May 84 p 1]

GOVERNMENT APPOINTMENTS--The Office of the President yesterday announced several new appointments--including that of Cde Halim Majeed as Assistant Chief Political Adviser to the President--within its Political Division. In a statement, the Office also announced that Cde Ronald Austin, formerly Deputy Chief Political Adviser to the President "has returned to his substantive post within the Ministry of Foreign Affairs." The other appointments announced were those of Balram Tulsi as Special Assistant to the President, Ray Hilliman and Roni Persaud as Political Affairs Officers and Bridgette Tulloch as Remigration Assistant. The Office also announced that Cde John Pluch, Head of the Urban Agriculture Unit, has been promoted to Special Political Assistant to the President. [Text] [Georgetown GUYANA CHRONICLE in English 29 May 84 p 1]

PROBLEMS IN ESSEQUIBO--Government administration on the Essequibo Coast is falling apart and residents, especially the farming population, is depending heavily on hucksters and contrabandists for most of their needs. A correspondent in the area reports that in the Pomeroon about 95 percent of outboard engines are brought in from neighbouring Venezuela and bought with foreign exchange earned by selling agricultural produce from the area. The farmers

are getting a raw deal from government agencies which pay less and less for purchases of produce. Due to lack of public transportation huge amounts of the farmers' produce are left to rot. The items sold in Venezuela include coffee, nuts, nibbi chairs, etc. The foreign exchange is then used to purchase food, equipment and spare parts which the government cannot import for sale. The lack of government concern for the development of the Pomeroon area has resulted in many farmers leaving the land, thus adding to the decline in agriculture. It is reported that copra production is suffering greatly as most of the coconuts are being taken to other areas. The correspondent said the transport system in the Pomeroon is worse than ever. The private boats operating are very expensive. The airline service to interior parts is also poor. The Parika-Adventure steamer is perpetually late and always out of schedule. [Text] [Georgetown MIRROR in English 20 May 84 p 3]

CHICKEN PRICE INCREASE--Chicken, once a regular dish for most Guyanese, is now selling in the markets at \$12; a lb. It has now become the food of the well-to-do. An acute shortage has caused prices to soar. They have been helped to do so by a scarcity of beef and pork. The chicken shortage stems from the reduction in the importation of hatching eggs by 2/3 and in the importation of stockfeed. A small part of the price increase has been caused by the purchase of hatching eggs from Cuba, instead of the US. Cuban eggs cost the hatcheries \$1.35 each; the US eggs cost \$1.13 each, a difference of 22¢. The US used to supply all the hatching eggs and was paid in US dollars. Now 60% of the hatching eggs imported come from Cuba, consigned to Guymine and payment is made by letter of credit, based on a barter agreement between Cuba and Guymine. The US still supplies 40% of the imports. One hatchery has continued to sell chicken at \$7: a lb to a limited number of customers. Another outlet still sells at \$7.25 a lb, but has little to sell. Eggs are also in short supply and many people have to pay up to 90¢ an egg. [Text] [Georgetown CATHOLIC STANDARD in English 3 Jun 84 p 1]

CSO: 3298/939

PAY CUTS FOR STATE EMPLOYEES ABSENT FROM OFFICIAL CEREMONIES

Port-au-Prince LE PETIT SAMEDI SOIR in French 28 Apr-4 May 84 p 10

[Article by Cassandre Kalim]

[Text] There will be a cut in salary of five-thirtieths (or 16.67 percent) for state officials who did not attend the official ceremonies on 14 April at Port-au-Prince cathedral. At any rate, this is the effect of a circular issued last Holy Thursday by some ministries. According to information, the measure extends even to those who did make the effort to attend the Te Deum, particularly since there is no means to check on presence or absence.

Church Neighboring Areas

Thus, the measure surprised everyone. People are still wondering about the reason for this strong-armed decision by the government on a relatively unimportant matter. These are the facts: Saturday, 14 April: celebration of the birthday of the late Duvalier-father. The government goes to Notre Dame Basilica for the traditional Te Deum. Strangely, almost all the seats are empty inside the church. The big crowd of the past is not there.

This news was on all lips that day. It spread like a burning fuse. It was quite simply the government embarrassment that prompted these Draconian measures. A means of pressure to make government employees conform in future to the protocol program.

Justification

Some employees cite the distance from their homes. They live a long way from downtown and cannot resist enjoying the holiday to the full. How can one require that people living at Carrefour, Bon-Repos or Thomassin make a long and boring journey for only 1 hour of time? Thus, there are a whole range of basic questions that come into consideration and oppose application of such a measure.

The following was an initial comment by a high government official who asked that his name not be used: "Solidarity with the government authority is a moral duty that the official does not have the right to shirk (...)" This sledgehammer argument is replete with accusations and strong reprimands. Is the government trying to combat what it regards as a lack of loyalty to Jean-Claudism. Yet, in this context, such an attitude does not allow

democracy to operate. For democracy--it should be emphasized--must be viewed as an "association" in which the full development, the full liberty of each individual is the basic premise for the community as a whole.

Without justifying this "absenteeism" (voluntary or involuntary), we will try to further examine the rationale and try to come up with some explanations. Some analysts believe that this marked indifference toward official ceremonies is no accident. It is a logical consequence of the general situation. Any given behavior is the subjective reflection of the objective contradictions that produce it. It is well recognized that these elements of the middle class, already tired from so many sacrifices, are, still powerless, witnessing a continuous decline in their purchasing power, an irreversible nibbling away of their real income, while their gross salary increases. This comprehensive crisis situation prompts them to slight anything that does not serve their immediate, spontaneous interests.

Long Period of Suppression of Freedom of Speech

Can democracy and constraint be reconciled. The approach should be to examine this practice, this mode of operation. Is this constraint by the administration a method in harmony with our history? Is it an ideological malformation due to our stage of underdevelopment ("Ti peyi ti mes," as the saying goes)? Is it the result of lack of democratic practice? Finally, is it that we are too bound to an overly long period of suppression of freedom of speech (and other things) that makes our reactions so emotional.

Indeed, whenever a situation arises (investigation, union organization, strike, etc...) the authorities always behave like the Israelis, with a frenzied reaction; those responsible--we say--never take the trouble to evaluate the situation. On the contrary, they escalate it to a test of strength. And any process of real democratization goes by the board with their rejection.

In regard to the 14 April affair, the most amusing aspect was Sunday the 22d. While a week earlier the church had been almost empty, the 22d drew a full congregation. The cathedral was full to overflowing. Many could not find room inside and had to attend mass outside the building. How did that happen? Nevertheless, an "objective" and patriotic question is still being asked: What will happen to this five-thirtieths? Will this ill-advised salary cut go into the social welfare fund or will it appear in other funds? We can only wait...

9920

CSO: 3219/27

CHANCE OF MORE FOREIGN INFLUENCE IN INDEBTED COMPANIES SEEN

Mexico City PROCESO in Spanish No 395, 28 May 84 pp 6, 9-11

[Article by Juan Antonio Zuniga]

[Text] In spite of receiving every type of support from the federal government to confront the crisis, 34 of the largest enterprises in the country are in "technical bankruptcy" since their debts represent more than 50 percent of the total value of their assets.

This means that, in the best of cases, some of those enterprises owe more than half of what they own: land, buildings, machinery, raw materials, liquid currency and personnel. At worst, they owe practically all of it.

With the exception of Alfa and Cerveceria Moctezuma--which are in a more critical situation--all of them are part of the select group of the top 100 enterprises on the Mexican Stock Market which compete well in the branch in which they are involved.

The total foreign debt of these 34 enterprises reaches approximately 1.5 trillion pesos which is equivalent to 51.5 percent of the Mexican private foreign debt.

Subsidies, tax exemptions, liberation of prices--with subsequent increases--and government endorsement in order to renegotiate their foreign debt have not been enough. The financial deterioration of these enterprises continues. The shrinkage of the domestic market affects them but it is mainly the increased cost of their foreign debt.

On one side, the daily slide of 13 centavos of the peso and the increase in the interest rates of U.S. banks directly affect the "financial costs" of these enterprises.

Although their foreign debt remains constant in dollars, as the national currency slides they must allocate more pesos to pay interests, amortization, commissions and other expenses related to their foreign debt. As the interest rates that international banks collect for their credits increase, the amount of dollars that must be liquidated by the loans received also increases.

In short, the enterprises have fewer resources to finance their growth in "healthy" terms and are forced to resort more and more to credit to replace this lack of money.

The deteriorating wage situation, the drop in sales--estimated at an average of 40 percent compared to 1980--and the subsequent shrinkage of the market have limited opportunities for the enterprises to finance their development through reinvestment of their profits. The price increases have not always been sufficient to restore the profit levels.

Shrinkage of the market can affect the workers most. There is the case of the cement plant Empresas Tolteca. With a total debt that represents 53 percent of its assets, it is trying to close its Tula plant due to "lack of cost effectiveness."

This enterprise whose advisers until 1979 included the current governor of Mexico State, Alfredo del Mazo, and Bernardo Quintana, president of the ICA [Associated Civil Engineers] group, caused a strike of 436 workers at its Tula plant by eliminating 30 clauses from a collective work contract that has been in effect for 60 years.

Using the argument of the financial crisis of the enterprise and the country, Tolteca maintains that it is "not cost effective" to keep that plant open. It proposes to cut the workers to only 3 days a week "as long as market conditions so demand."

About 80 percent of Tolteca's total debt corresponds to foreign loans, mainly from Wells Fargo, the International Finance Corp., Eximbank and the Libra Bank. Its losses as of the third quarter of last year rose to 150.8 million pesos.

In every case, financial costs increased more than 100 percent between 1982 and 1983. In spite of the fact that they were transferred to the final price, this did not prevent these 34 enterprises from being in a position of virtual insolvency.

Sell Shares

The Alfa industrial group has the highest foreign debt of any Mexican private enterprise.

At the end of 1983, this consortium that most clearly exemplified the oil bonanza and the financial collapse of the country had a debt equivalent to 354,371,000 pesos. This represented 86.6 percent of the value of its assets.

In financial trouble since 1981, Alfa's renegotiation of its foreign debt with the foreign creditor banks establishes a precedent that could be the model for the rest of the indebted enterprises: pay part of its commitments with shares.

Its restructuring plan includes "capitalizing approximately \$300 million--54 billion pesos--for the equivalent of 30 percent of the nominal capital of the bearer."

With the announced flexibility in the application of the Law on Foreign Investments, the Alfa case can open the door to greater participation by foreign capital in national economic activity, not through new plants and new sources of employment but the partial appropriation of existing enterprises.

Alfa ended the 1983 fiscal year with a loss valued at 31.61 billion pesos, according to the Mexican Stock Exchange, and a total debt six times higher than its working capital.

However, Alfa does not owe the most in proportion to the value of its assets. The Compania Minera Autlan holds first place with a debt equivalent to 97.1 percent of the total value of its assets. It owes everything.

This enterprise which has Sumitomo Shoji America Inc. as one of its main stockholders had a total debt of 34.3 billion pesos as of the third quarter of 1983. About 63 percent of this corresponded to its foreign debt.

The financial costs of the Compania Minera Autlan increased more than 148 percent last year. This was reflected in a loss of more than 2.43 billion pesos, almost 100 percent more than in 1982.

In conflict with its creditors--mostly U.S. banks--Cerveceria Moctezuma resists giving up some of its shares as partial payment of its foreign debt.

This enterprise ended last year with a total debt of 65,352,000,000 pesos of which 77.3 percent corresponds to foreign commitments.

The shareholders of Cerveceria Moctezuma, the majority members of the former banking family Bailleres, suffered a net loss of 6,531,000,000 pesos in 1983--that is, 743 percent more than the year before.

Its main foreign creditors are the same as the majority of the large enterprises: Chase Manhattan Bank, Bank of America, Bank of Montreal and Morgan Guaranty.

Another enterprise that owes practically everything is Empaques de Carton Titan. It ended 1983 with a debt equivalent to 94.1 percent of its assets. Its situation seems to be particularly serious.

Its financial report at the end of 1983 explains the insolvency of Empaques de Carton Titan:

"The problems of liquidity experienced in 1982 persisted in 1983, causing the company to default on its payments of principal and interests on its debt. The total not paid reaches 10,801,000,000 pesos....This default continues, giving the creditors the right to demand early payment for credits."

In fact, it was declared in suspension of payments. This permitted it to obtain a modest profit of 71.7 million pesos which contrasts notably with its losses of 1.07 billion in 1982.

Although each enterprise faces problems from its own particular perspective, the economic policy of the government of Miguel de la Madrid has been decisive in weakening them financially.

The reduction of sales, austerity in public expenditures and the policy of letting the peso slide have overridden all the fiscal facilities, the containment of wages and FICORCA [Trust for the Coverage of Exchange Risks] created by the Bank of Mexico to support the renegotiation of the private foreign debt.

VISA [Industrial Securities] follows in Alfa's footsteps. Its total debt reaches 165,325,000,000 pesos, 89.6 percent in foreign debts. It owes 86.4 percent of all it has.

VISA is renegotiating with its main U.S. creditors to extend the terms for payment of debts in foreign currency equivalent to 92,529,000,000 pesos which it must pay within a year.

The crisis and the economic policy affect all the enterprises but some have more capacity to resist than others.

While the small and medium enterprises are faced "with excessive bureaucratism and the complicated requirements demanded by the support funds in order to receive credit," the largest enterprises renegotiate their debts with their head offices--in the case of multinational enterprises--or arrange to pay with shares--the national enterprises--even though this increases the participation of foreign investment.

Enterprises That Succumb

Some go bankrupt and others can operate with losses in hopes of better times. The president of the National Chamber of the Transformation Industry, Carlos Mireles, reported that approximately 8 percent of its members has quit in the past year.

Enterprises without access to credit and without a market inevitably succumb. The larger ones have other opportunities for survival. They resort to credit, cut staffs, reduce workdays, diversify production and, in some cases, export to compensate for the domestic sales decline.

Also, as in the case of the 34 enterprises analyzed, they go to the market where they can obtain "liquidity" or "fresh money" to finance their operations through the issuance of new shares, partial sale of already existing shares or the issuance of bonds, "business paper" through which the enterprise promises to pay interest after some time for the money it receives.

The multinational enterprises are more fortunate in fighting the difficult times. They even exploit them to strengthen their position in the market facing the disappearance of the weaker enterprises. Even though they lose, they remain firm, many times with the aid of their head offices or the banks from their countries of origin.

The enterprise Teleindustrias Ericcson presented a total debt equivalent to 85.9 percent of its assets in the third quarter of 1983. Its financial costs grew by 323.9 percent and for the second year it accumulated losses of 468.4 million pesos.

Its main foreign creditors include Skandinaviska Enskilda Banken, Svenska Handelsbanken and Skandinavian Banken LTD.

General Popo, one of the five enterprises that monopolized the manufacture and sale of tires in Mexico, recorded a total debt of 6,555,000,000 pesos. This represented 85.4 percent of the value of its land, machinery, installations, etc. Although its financial expenditures grew by 61 percent, it managed to obtain a profit of 80.8 million pesos as of the third quarter of last year.

Its main foreign creditors to which it owes 4,452,000,000 pesos are Chase Manhattan Bank, Continental Illinois--on the verge of bankruptcy--Chemical Bank and National City Bank.

Another large multinational enterprise, Chrysler de Mexico, operates with a total debt that represents 73.9 percent of its assets. With an increase of about 46.5 percent in its sales as of the third quarter of last year, it saw its financial expenditures grow by 492.5 percent. Not even by increasing the price of its cars could it avoid a loss of 1,911,900,000 pesos.

It is well known that slightly less than half of the debits of the Mexican branches of the multinational enterprises that operate with high debt levels correspond to national credits. The opposite is true about national enterprises.

For example, 33 percent of General Popo's total debt is with Mexican institutions, 51 percent of Teleindustrias Ericcson's, 40 percent of Chrysler's and 64 percent of Texaco Mexicana's.

TAMSA [Steel Pipes of Mexico] is the opposite; 83 percent of its total debt of 84,887,000,000 pesos is foreign.

Devoted almost exclusively to manufacturing products for PEMEX [Mexican Petroleum], TAMSA operates with a debt equivalent to 68.2 percent of the value of its assets. In 1983 it saw its financial expenses grow by 625 percent as of the third quarter and had to pay 11,996,000,000 pesos in short-term debts.

After Compania Mexicana de Aviacion recorded 1,343,000,000 pesos in losses in 1982, it obtained 647 million pesos in profits last year. Its total debt was equivalent to 78.3 percent of the value of its airplanes, computers and installations.

About 90 percent of its debt--78,120,500,000 pesos--is foreign. Its main creditors include Eximbank, Citibank and the Bank of America.

The increase in airline fares was enough to yield profits, absorb an increase of 325 percent in its financial expenses, confront a payment of 27,026,000,000

pesos in short-term debts and invest 1,064,000,000 in the construction of the "Conjunto Mexicano" with all steel structures.

Another large enterprise that operates fundamentally on its high debt is Vitro. Its debt reaches 120,859,000,000 pesos, 55.6 percent of its assets. About 71 percent of this debt is foreign. Its financial expenses increased 201 percent last year but it still had profits as of the third quarter of 591,400,000,000 pesos, 28 percent less than in the same period in 1982.

The debt--mainly the foreign debt--has become the basis of support and growth of the enterprises. However, it has a limit, the one the creditors set. Alfa established the precedent that can initiate stock denationalization of Mexican enterprises. Cerveceria Moctezuma resists. VISA renegotiates.

Below is the list of the 34 enterprises in "technical bankruptcy" and the percentage that their debt represents of their assets:

Compania Minera Autlan, 97.1 percent; Cerveceria Moctezuma, 94.3 percent; Empaques de Carton Titan, 94.1 percent; Cananea, 87.8 percent; Alfa, 86.6 percent; VISA, 86.4 percent; Ericcson, 85.9 percent; General Popo, 85.4 percent; Texaco, 82.3 percent; Chrysler, 73.9 percent; Aceros Ecatepec, 73.5 percent; Mexicana de Aviacion, 78.3 percent; Martell de Mexico, 71.1 percent; Tubacero, 71.1 percent; Tubos de Acero de Mexico, 68.2 percent; Fiasa, 65.6 percent; Indetel, 65.2 percent; Camesa, 64.2 percent; Apasco, 63.9 percent; Resistol, 63.7 percent; Grupo Industrial Saltillo, 63.6 percent; Hilsa, 61.5 percent; Spicer, 61.5 percent; Union Carbide, 61.4 percent; Celanese Mexicana, 60.9 percent; Negromex, 60.7 percent; Moresa, 57.4 percent; Quimica Hooker, 57 percent; Luismin, 56.8 percent; Vitro, 55.6 percent; A. C. Mexicana, 54.6 percent; and Toltteca, 52.9 percent.

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AGREEMENT PROVIDING FOR U.S. GRAIN DELIVERIES COMES UNDER FIRE

Bases for Record Reserves

Mexico City EXCELSIOR in Spanish 17 Apr 84 pp 1-A, 11-A

[Excerpt] Hector Hernandez, secretary of commerce and industrial development, signed an agreement yesterday in Washington for the provision of 6.1 million tons of basic grains to Mexico this year by the United States, with a credit of \$790 million as a guarantee.

The agreement, part of the preparation for the official visit of President Miguel de la Madrid to the United States this May, is to complement national grain production and guarantee a timely supply of grain to the Mexican people.

The agreement guarantees availability of 2,936,000 tons of corn, 1,950,000 tons of feed grain, 715,000 tons of soybeans, 349,000 tons of sunflower seeds, 43,000 tons of cotton seeds and 108,000 tons of tallow.

The U.S. Department of Agriculture has extended a credit of 790 million dollars to Mexico for the acquisition of basic grain as a guarantee, within the framework of its import credit program, 390 million of which apply to 1984.

The amount of grain which Mexico will receive from the United States this year together with the 1 million tons to be supplied by Argentina amounts to a total of somewhat more than 7 million tons. This represents a drop of roughly 30 percent from 1983.

During the signing of the agreement with U.S. Secretary of Agriculture John R. Block, talks also continued for the acquisition of powdered skimmed milk from the stocks of the Commodity Credit Corporation. Mexican fluorite is to be provided in exchange.

The document signed by Hector Hernandez and John Block, apart from guaranteeing the supply of grain, establishes the groundwork for maintaining and promoting the technical basic grain reserves in our country at the highest level in history, according to a statement released by the Secretariat of Commerce and Industrial Development.

With regard to the quantities to be supplied, the agreement also indicates that acquisition will be made provided that the terms and conditions of each transaction are commercially expedient and acceptable.

The purchase of these products will be made at market prices current at the time of purchase, and will be in accordance with standard commercial terms. The agreement also provides for close collaboration between the two governments for the purpose of ensuring expeditious delivery of the grain in conformity with the stipulated standards of quality.

U.S. Government officials together with Mexican authorities have formed a bilateral transport group to deal with delivery of the grain and also for guaranteeing a procedure by which claims can be presented against U.S. railroads for any product damage and losses that may occur.

The secretary of commerce issued an internal statement to the effect that Mexico already has in place a complete logistical program for the transfer and storage of the basic grain, closely coordinated with other official departments.

Broad Spectrum of Opposition

Mexico City EXCELSIOR in Spanish 18 Apr 84 pp 4-A, 16-A

[Article by Jaime C. Salcedo]

[Text] The National Action Party [PDM], the Unified Socialist Party of Mexico [PSUM], the Revolutionary Workers Party, the Mexican Democratic Party [PDM] and the Socialist Workers Party [PST] yesterday severely censured the basic grains import policy; they denounced it as increasing our dependency on other countries and as placing at risk our alimentary sovereignty and stated, "as we know that he who pays, commands, this could well distort even our foreign policy."

The PAN and the PDM also indicated that these purchases of slightly more than 6 million tons from the United States show that the government is incapable of resolving national agrarian problems, "and it's a shame that each day we become more and more dependent on our stomachs."

PAN spokesman Gonzalo Altamirano Dimas affirmed that continuing our policy of going into debt to buy foods could have grave consequences for our production processes, "to which must be added the political manipulation of peasants who are not organized to produce but rather to vote."

The purchase of grain "ought to cause serious concern," insisted the spokesman for the blue and white, "because on the one hand dependency is growing, while on the other hand the debt is skyrocketing."

Aaron Sanchez, a specialist on the Mexican economy at the Center for National Economic Studies of the PSUM, shared these feelings, and also predicted that dependency on the United States may turn out to be extremely risky "because we will be less able to diversify cultivated crops (the majority of which are oriented toward the export market), and this will compromise us with that country on both political and economic levels."

The PSUM also criticized the fact that this kind of agreement with the United States "is among those that President De la Madrid will make" with the United States, and went on to say that if this is the way the bilateral agreement concerning commercial and industrial matters is going to be worked out, "there will be no reciprocal benefits--they will all unilaterally favor the Americans."

Sanchez said that in the face of this kind "of capitulationism" a policy should be established "which is compatible with confronting the crisis and improving the standard of living of the workers."

On the other hand, the PDM emphasized that if indeed "we must be amenable" to grain imports from abroad because "it's a case of importing food from where it is grown," it is questionable whether adequate stimuli are being given to domestic production, "while salaries of the bureaucrats are increased disproportionately."

Ignacio Gonzalez Gollaz, the party's leader, indicated that the importing of grain is beneficial for us because it satisfies one of our primary needs, but it also makes clear the inefficiency of our agrarian policy on many fronts where it seems that production is of the least importance.

And Rafael Aguilar Talamantes, PST president, called the importing of grain an "absurd and risky" policy. He said we are stuck in a vicious circle of nutritional dependency "with the most powerful enemy of our economic and political independence: the United States."

The PST leader noted that while peasants are dying of hunger in order to cultivate the land, "we get the idea of bringing in grain from abroad, which reinforces the chain of dependency at a time when thousands of hectares are left uncultivated because of the absence of assistance and inexpensive and timely loans."

Aguilar said we are practically "putting into the hands of the Americans the future of our mineral and land resources. In addition, our sovereignty with respect to other countries is in grave danger because they--surely--want to force us to modify our international strategy: He who pays, commands. And compels, if he wants to."

At this time it is not profitable to plant, said the leader of the PST, even with the recent adjustments to the guaranteed prices, "and there's the case of corn, which brings a price of approximately 40,000 pesos per ton."

And Heriberto Meza Campuzano, PMT secretary of peasant relations, indicated that the importing of grain makes evident that the national Food Program [PRONAL] "has not had and will not have a positive effect on the economy of the country." He advocated an end to large landed estates and the establishment of a "suitable policy" of support for peasants so that they will be the ones who produce our food.

Finally, the PMT leader said that PRONAL does not affect the structure of land tenancy but does establish supports and subsidies, "not for the peasant, but rather for industrialists and transportation operators, storage and sale of produce from the fields," so that dependency will "increase day by day" and the peasants "will grow poorer."

JOURNALIST'S KILLER MAY HAVE COASTAL GROUP CRIMINAL ORIGINS

Mexico City EXCELSIOR in Spanish 7 Jun 84 p 31-A

[Article by Rogelio Hernandez Lopez, EXCELSIOR correspondent]

[Text] Coatzacoalcos, Ver., 6 Jun--A private miniarmy of about 300 men, many with criminal records, who ride through the city in big luxurious vehicles displaying long-range and high-precision weapons is well known in southern Veracruz. The cynical peasants coined an accurate but gloomy nickname to identify them: La Sonora Matancera.

"La Sonora" whose famous actions transcend state boundaries was immediately part of the police hypotheses to try to explain the murder of Manuel Buendia. The perpetrator has been identified as from the coast of the Gulf of Mexico and presumably could be "taken" from one of the so-called groups of "self-defense," gangs or protection forces for illegal activities like smuggling and drug traffic.

The journalistic records of this city, its twin Minatitlan at the port of Veracruz and even the capital Jalapa as well as officials of the federal and state government provide different data to profile this formidable group that acts with so much freedom that one of its sections even offers services to individuals "to punish, beat or eliminate" for 50,000 pesos or more per case.

The zone of operations of "La Sonora," according to police sources, is the livestock, production and industrial zones and even port zones in the southern part of the state.

Its unverifiable origin revolves around Felipe Lagunes Castillo, presumably second cousin to the current state governor, according to information gathered.

In connection with this, Felipe Lagunes' appointment by the state governor to a special committee in charge of stopping livestock rustling in this same region was very controversial. The rustling was stopped without intervention by official police forces. In exchange, according to different sources, "La Sonora" imposed respect. These events were recorded at the beginning of January 1984.

In the everyday life of "La Sonora," it is possible to observe groups of its members in amusement places, driving in their cars, always bearing weapons.

The physical and facial structure of almost all of them would perfectly fit the portrait of Manuel Buendia's murderer provided by the Judicial Police of the Federal District.

In spite of the fact that their existence is recognized by almost all the villagers and is recorded in the local news media--especially when violent crimes occur--no one dares accuse them now. However, they are in the sights of those who investigate the case of journalist Manuel Buendia.

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COUNTRY SECTION

MEXICO

GOVERNMENT TO DRAW ON RESERVES TO BOOST ECONOMY

Monterrey EL NORTE in Spanish 7 Jun 84 p 1-A

[Excerpt] Mexico, 6 Jun--It was reported today that the federal government will use 1 percent of the reserve--equivalent to 277 billion pesos--in the expenditures budget for the present year.

It will be used to revitalize the economy, achieve a growth of 1 percent in the GDP and have resources to face the increase in payment of domestic interest because of increased interest rates.

With the use of 277 billion pesos from the budgetary reserve, the deficit of the public sector will reach 6.5 percent of the GDP.

This is the percentage authorized by Congress but is one point more than indicated in the Letter of Intention signed with the IMF.

The official sources that revealed this information indicated that it is indispensable to use the budgetary reserve to compensate for the increase of about 500 billion pesos in payment of interests by the federal government for the internal debt.

At the beginning of the year, the entry for payment of the public internal debt rose to 4.3 trillion pesos.

However, with the increase in the internal interest rates, disbursements by the federal government to pay for its financial expenditures increase by 500 billion pesos.

The use of the budgetary reserve is also necessary because of the effect the rise in international interest rates has had on the Mexican economy.

The information obtained specified that the use of the extra resources does not mean a change in economic policies.

It was explained that it was a "readjustment" in some sectors to confront the new international financial circumstances.

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BRIEFS

NEW WEEKLY PAPER--Kingstown, St Vincent (AP)--St Vincent and the Grenadines fifth weekly political newspaper, the Voice of the People, has been launched by the Progressive Democratic Party (PDP) of new Opposition Leader, Randolph Russell. The Wednesday paper has pledged to raise the standard of journalism in the State, defend the people's interests, help unite a people divided by political misrepresentation and misinformation, and offer political and ideological direction to the people of St Vincent and the Grenadines in an effort to build their political consciousness. The other four political organs are The Star of the ruling St Vincent Labour Party (SVLP)--Justice, published by the United People's Movement (UPM)--Unity, of the Movement for National Unity (MNU)--and the New Times, the publication of the New Democratic Party (NDP). The Vincentian, also a weekly is the country's only independent newspaper. [Text] [Georgetown GUYANA CHRONICLE in English 30 May 84 p 5]

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